

THE PORTSMOUTH DIOCESAN TRUST
(Registered Charity No: 246871)

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

31 AUGUST 2011

haysmacintyre
Chartered Accountants
Registered Auditors

THE PORTSMOUTH DIOCESAN TRUST
TRUSTEES' ANNUAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2011
LEGAL AND ADMINISTRATIVE DETAILS

BOARD OF TRUSTEES

Bishop Crispian Hollis (Chairman)
Mr Peter Burns
Mgr Provost 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
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 2011

The Trustees present their Report together with the financial statements of The Portsmouth Diocesan Trust and subsidiary companies for the year ended 31 August 2011, 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 Following an Order of the Charity Commission dated 14 August 2002, this Trust Deed was revoked and a new Trust Deed dated 5 August 2002, and a Deed of Variation dated 7 April 2004, were put in place by the Bishop and the Trustees.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 November 2010, at the beginning of his seventy-fifth year and in accordance with the Church's Canon Law, the Bishop submitted his resignation to the Holy See. This was accepted in December 2010 with the proviso that the Bishop remain in post until a successor is appointed. The appointment of a successor is awaited.

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 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 and in the year ended 31st August 2011 met on five occasions. 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 Slynn.

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.

At the period end the other committees were the Bamenda Committee, the Budgetary Committee, the Claims Committee, the Investments 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 and the Pastoral Formation Committee was put into abeyance

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

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 Review Group is expected to present their draft report to the Trustees at the meeting scheduled for July 2012.

Amongst others, the trustees who are members of this Review Group are Mrs Sheila Hughes and Mr Kevin Ryan.

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.

On 10th December 2010 the four parishes of Bishops Waltham, Eastleigh, Chandlers Ford and Romsey, which had been working together increasingly closely as the Pastoral Area of Three Rivers, were combined and a new parish of St Swithun Wells was established. Covering six worshipping communities, this parish is served by three priests and four deacons.

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 was completed, dedicated and opened by the Bishop 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. The church of St Mary's, Alton has been entirely reroofed and reordered. Construction of a pastoral centre at St Peter's, Winchester has been completed and it will be formally opened on 25th May 2012. 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. Throughout the year weekly Mass attendance remained steady at about 38,000 people and over three hundred adults were baptised or otherwise received into full communion of 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. Five men commenced studies for the priesthood and four for the diaconate, with one man completing his studies and being ordained priest in July 2011.

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 children attend Voluntary Aided Catholic schools and Catholic Academies within the diocese, and a further 7,000 independent Catholic schools. Construction of a new primary school at Thatcham continued and has now been completed, having been opened on 20th April, 2012.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

LOOKING FORWARD

Major new forward planning initiatives are not thought by the Trustees to be appropriate until the appointment of a new Bishop is made. However a number of existing plans have advanced.

The pastoral centre at St Peter's, Winchester has now been completed and construction of new churches at Hungerford and Romsey are expected to commence shortly. 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 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.

The new school at Thatcham has been completed and will be fully operational by 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. Five schools converted to Academy status in August and September 2011, subject to the approval of the Trustees, and as many as a further three may convert before September 2012.

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 £13,276,468

The Trustees have dedicated these funds under four separate headings:

Clergy training and support £2,866,294
Parish and pastoral area lay formation £2,866,294
Renewing facilities £1,433,147
Parish local funds £6,110,733

At the date of the report £7,575,998 has been received, allocated between the funds as follows:

Clergy training and support £1,655,667
Parish and pastoral area lay formation £1,655,667
Renewing facilities £827,834
Parish local funds £3,436,830

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

Clergy support £10,000
Parish and pastoral area lay formation £539,790
Renewing facilities £40,000
Parish local funds £1,699,039

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 £1,268,431 (2010 £1,960,921) on normal activities, with an increase in investment funds of £1,550,267 (2010 Decrease - £735,769). The investment properties were formally revalued at 31st August 2010. Included in income are legacies to the value of £732,768 compared to £1,324,931 in 2010.

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 £2,756,950 (2010 - £4,207,049) was held for those schools.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

FINANCIAL REVIEW (continued)

Improving and maintaining the properties owned by the Charity is a major priority, with a total of £2,419k (2010 £2,080k) spent on repairs and a further £3,360k (2010 £2,015k) spent on capital projects during the period. Surplus tangible fixed assets were also disposed of in the period realising £94k (2010 £294k), creating a loss of £nil (2010 £6k).

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, 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 £514,317 (2010 £541,042). 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 49 voluntary aided Catholic schools and 5 Catholic Academies 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)).

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 2011 showed a return of -3.0% (2010 15.6%) against a benchmark return of 0.5% (2010 13.6%). Charifaith returned -2.9% (2010 13.0%) in the year ended 31 December 2011, against a benchmark of 0.1% (2010 12.8%). 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 2011, Curial reserves amounted to £6,850,455, of which £25,945, approximately a half week's general expenditure, is free from any restrictions or designations. This is a decrease of £59,952 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 £6.8m, 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 £56m, of which £37m is represented by the value of churches and other functional properties. This is an increase of around £1.8m 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 10th May 2012.

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. 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 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 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.

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 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 10 May 2012 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 2011, 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.

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 2011 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**

10 May 2012

PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2011

		Unrestricted Funds		Restricted Funds	Total 2011	2010
	Notes	Curial £	Parochial £	£	£	£
Incoming resources						
Incoming resources from generated funds:						
Donations and Offertories		1,034,510	8,956,170	758,472	10,749,152	10,937,522
Legacies		61,356	668,004	3,408	732,768	1,324,931
Other		443,587	98,582	40,575	582,744	744,617
Activities to generate funds:						
Rent – investment properties		41,239	341,917	-	383,156	348,882
miscellaneous lettings		-	1,167,207	-	1,167,207	1,141,145
Income of trading subsidiaries	16	-	770,142	-	770,142	816,603
Investment income and interest receivable	1	99,117	160,386	52,638	312,141	379,729
Other incoming resources:						
Insurance Claims		-	55,896	2,119	58,015	29,550
Gain on disposal of tangible fixed assets		-	-	-	-	(5,956)
		<u>1,679,809</u>	<u>12,218,304</u>	<u>857,212</u>	<u>14,755,325</u>	<u>15,717,023</u>
Resources expended						
Costs of generating funds						
Expenses of trading subsidiaries		-	632,963	-	632,963	580,671
Finance costs		73,524	-	-	73,524	46,266
“Living Our Faith” Appeal Costs		69,126	-	-	69,126	687,269
Activities in furtherance of the Roman Catholic Faith		2,245,220	9,356,092	916,315	12,517,627	12,296,959
Governance costs		<u>193,654</u>	<u>-</u>	<u>-</u>	<u>193,654</u>	<u>144,937</u>
Total resources expended	2 & 3	<u>2,581,524</u>	<u>9,989,055</u>	<u>916,315</u>	<u>13,486,894</u>	<u>13,756,102</u>
Net (Outgoing)/Incoming Resources before transfers						
		(901,715)	2,229,249	(59,103)	1,268,431	1,960,921
Transfers between Funds		262,529	(26,026)	(236,503)	-	-
Transfers - Schools Building Fund Levy			(240,000)	240,000	-	-
Transfers - Diocesan Levy		1,536,269	(1,536,269)	-	-	-
Net (Outgoing)/Incoming Resources for the Year/Period		<u>897,083</u>	<u>426,954</u>	<u>(55,606)</u>	<u>1,268,431</u>	<u>1,960,921</u>
Other Recognised Gains & Losses						
Realised and Unrealised Gains on investments		45,411	1,448,268	56,588	1,550,267	(735,769)
Net movement in funds		<u>942,494</u>	<u>1,875,222</u>	<u>982</u>	<u>2,818,698</u>	<u>1,225,152</u>
Fund balances brought forward		3,598,424	52,441,269	4,014,058	60,053,751	58,828,599
Fund balances carried forward		<u>£4,540,918</u>	<u>£54,316,491</u>	<u>£4,015,040</u>	<u>£62,872,449</u>	<u>£60,053,751</u>

THE PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2011

	Notes	Curial Funds £	Parochial Funds £	Year ended 31 August 2011 £	Year ended 31 August 2010 £
Fixed Assets					
Tangible assets	5	1,023,258	37,310,076	38,333,334	35,817,797
Investments	6	9,104,125	14,441,224	23,545,349	21,692,464
		<u>10,127,383</u>	<u>51,751,300</u>	<u>61,878,683</u>	<u>57,510,261</u>
Current Assets					
Debtors and prepayments	7	2,109,869	188,368	2,298,237	882,604
Cash at bank and in hand		(3,622,156)	5,269,086	1,646,930	5,949,641
		<u>(1,512,287)</u>	<u>5,457,454</u>	<u>3,945,167</u>	<u>6,832,245</u>
Creditors: due within one year	8	<u>(2,548,873)</u>	<u>(402,528)</u>	<u>(2,951,401)</u>	<u>(4,288,755)</u>
Net Current (Liabilities)/Assets		<u>(4,061,160)</u>	<u>5,054,926</u>	<u>993,766</u>	<u>2,543,490</u>
Parish Loan Accounts					
Due from parishes		6,959,398	(6,959,398)	-	-
Due to parishes		(6,175,166)	6,175,166	-	-
		<u>784,232</u>	<u>(784,232)</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>£6,850,455</u>	<u>£56,021,994</u>	<u>£62,872,449</u>	<u>£60,053,751</u>
Unrestricted Funds					
General Funds		25,945	-	25,945	85,897
Designated Funds	11	4,514,973	54,316,491	58,831,464	55,953,796
		<u>4,540,918</u>	<u>54,316,491</u>	<u>58,857,409</u>	<u>56,039,693</u>
Restricted Funds	10	2,178,983	924,377	3,103,360	3,101,059
Permanent Endowment Funds	9	130,554	781,126	911,680	912,999
RESERVES		<u>£6,850,455</u>	<u>£56,021,994</u>	<u>£62,872,449</u>	<u>£60,053,751</u>

Approved by the Trustees on 10 May 2012 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 2011**

	2011	2010
	£	£
Reconciliation of Net Incoming Resources to Cash Inflow from Operating Activities		
Changes in resources before revaluations	1,268,431	1,960,921
Returns on investment	(312,141)	(379,729)
Depreciation	750,899	715,049
Loss on disposal of Tangible Fixed Assets	-	5,956
(Increase)/Decrease in debtors	(1,415,633)	1,702,580
(Decrease) in creditors	(1,337,354)	(2,296,316)
	<u>£(1,045,798)</u>	<u>£1,708,461</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	(1,045,798)	1,708,461
Returns on investment	312,141	379,729
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(3,360,323)	(2,014,648)
Receipts from sales of tangible fixed assets	-	294,044
Payments to acquire investments	(1,854,621)	(2,552,178)
Receipts from sales of investments	1,645,890	2,484,253
	<u>£(4,302,711)</u>	<u>£299,661</u>

ANALYSIS OF CHANGES IN CASH IN HAND AND AT BANK

	2010	Cash Flows	2011
	£	£	£
Cash in hand and at bank	<u>£5,949,641</u>	<u>£(4,302,711)</u>	<u>£1,646,930</u>

THE PORTSMOUTH DIOCESAN TRUST
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2011

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 2011

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 2011

1. INVESTMENT INCOME AND INTEREST RECEIVABLE					Year ended 31 August 2011 £	Year ended 31 August 2010 £
Arising on quoted investments					304,105	368,672
Bank interest					8,036	11,057
					<u>£312,141</u>	<u>£379,729</u>
2. CHARITABLE EXPENDITURE	General Funds £	Designated Funds £	Restricted Funds £	Parochial Funds £	Year ended 31 August 2011 £	Year ended 31 August 2010 £
Activities in the furtherance of the Roman Catholic Church						
Curial and Diocesan	1,582,228	-	-	-	1,582,228	1,793,732
Clergy training	165,580	-	1,040	-	166,620	212,787
Educational purposes	-	45,729	331,518	-	377,247	592,086
Social purposes	-	25,578	189,773	-	215,351	159,224
Risk management	-	5,760	-	-	5,760	93,556
Parochial expenses	-	-	393,984	9,356,092	9,750,076	9,057,303
Support costs	420,345	-	-	-	420,345	388,270
Governance costs						
Finance and Property department	77,440	-	-	-	77,440	72,647
Audit	49,148	-	-	-	49,148	44,826
Legal	67,066	-	-	-	67,066	27,464
Costs of generating Funds						
Subsidiaries	-	-	-	632,963	632,963	580,671
Finance costs	73,524	-	-	-	73,524	46,266
“Living Our Faith”	-	-	-	-	-	-
Appeal Costs	69,126	-	-	-	69,126	687,270
	<u>£2,504,457</u>	<u>£77,067</u>	<u>£916,315</u>	<u>£9,989,055</u>	<u>£13,486,894</u>	<u>£13,756,102</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2011

3. RESOURCES EXPENDED	Personnel (incl. Clergy) £	Property £	Depreciation £	Other £	Total £
Analysis of costs					
Costs of generating funds	174,966	-	4,018	596,629	775,613
Charitable expenditure	3,651,343	2,583,247	746,881	5,536,156	12,517,627
Governance costs	35,185	-	-	158,469	193,654
	<u>£3,861,494</u>	<u>£2,583,247</u>	<u>£750,899</u>	<u>£6,291,254</u>	<u>£13,486,894</u>

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

	2011 £	2010 £
Governance costs include		
Auditors remuneration – Audit (including VAT)	<u>£37,440</u>	<u>£33,360</u>

4. STAFF	Year ended 31 August 2011 £	Year ended 31 August 2010 £
-----------------	--	--

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	2,315,261	2,205,838
Social security	133,089	140,163
Pension costs	34,892	24,908
	<u>£2,483,242</u>	<u>£2,370,909</u>

Number of Employees:

	No	No
Departments	39	40
Parish	241	246
	<u>280</u>	<u>286</u>

Employees with emoluments greater than £60,000:

£80,000 - £90,000	2011 1	2010 1
-------------------	------------------	------------------

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2011

5. TANGIBLE FIXED ASSETS	Freehold Buildings £	Furniture & Equipment £	Total £
COST OR VALUATION			
At 1 September 2010	39,997,281	2,508,062	42,505,343
Additions	3,215,263	145,060	3,360,323
Disposals	-	(73,340)	(73,340)
Transfers to Investments	(109,938)	-	(109,938)
At 31 August 2011	<u>43,102,606</u>	<u>2,579,782</u>	<u>45,682,388</u>
DEPRECIATION			
At 1 September 2010	4,714,958	1,972,588	6,687,546
Charge for the period	639,984	110,915	750,899
On disposals	-	(73,290)	(73,290)
Transfers to Investments	(16,101)	-	(16,101)
At 31 August 2011	<u>5,338,841</u>	<u>2,010,213</u>	<u>7,349,054</u>
NET BOOK VALUE			
At 31 August 2011	<u>£37,763,765</u>	<u>£569,569</u>	<u>£38,333,334</u>
At 31 August 2010	<u>£35,282,323</u>	<u>£535,474</u>	<u>£35,817,797</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 2010	14,234,000	7,458,464	21,692,464
Additions	211,937	1,642,734	1,854,671
Disposals	-	(1,645,890)	(1,645,890)
Transfers from Fixed Assets	93,837	-	93,837
Revaluation gains/(losses)	1,406,163	144,104	1,550,267
Market value at 31 August 2011	<u>£15,945,937</u>	<u>£7,599,412</u>	<u>£23,545,349</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	50.98%
Charinco Dist Units	6.22%
BlackRock Overseas Fund	5.98%

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2011

7. DEBTORS	31 August 2011 £	31 August 2010 £
School and other loans	1,847,122	562,244
Legacies Receivable	-	-
Other debtors and prepayments	451,115	320,360
	<u>£2,298,237</u>	<u>£882,604</u>

8. CREDITORS	31 August 2011 £	31 August 2010 £
School and other loans	2,256,312	3,557,195
Other creditors and accruals	695,089	731,560
	<u>£2,951,401</u>	<u>£4,288,755</u>

9. PERMANENT ENDOWMENT FUNDS

	Balance at 31 August 2010 £	Net Incoming/ (Outgoing) Resources £	Movement On Investments £	Balance at 31 August 2011 £
Parochial Funds				
Properties	455,808	(5,279)	-	450,529
Other	93,711	-	1,411	95,122
Annie Mangles Trust	196,021	-	453	196,474
Boyle Trust	39,001	-	-	39,001
	<u>784,541</u>	<u>(5,279)</u>	<u>1,864</u>	<u>781,126</u>
Curial Funds	128,458	-	2,096	130,554
	<u>£912,999</u>	<u>£(5,279)</u>	<u>£3,960</u>	<u>£911,680</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2011

10. RESTRICTED FUNDS	Balance at 1 September 2010 £	Incoming Resources £	Resources Expended £	Transfers £	Movement on Investments £	Balance at 31 August 2011 £
CURIAL						
Social Welfare	147,518	5,385	(15,014)	(1,129)	2,456	139,216
Clergy Training	1,143,334	98,477	(1,040)	(151,318)	22,947	1,112,400
Bamenda Fund	125,421	65,874	(99,328)	21,410	3,034	116,411
Clergy Assistance	146,938	48,555	(25,993)	(134,385)	4,668	39,783
Lourdes Fund	113,100	3,339	(6,934)	(546)	1,934	110,893
Blanche Edmond Rowley Charitable Trust	96,709	2,976	-	(1,431)	1,442	99,696
Youth Funds	17,845	-	(23,432)	8,762	-	3,175
Vicariate Triple Trust	67,494	2,078	(2,937)	(1,104)	1,024	66,555
Edmund Rice Fund	204,033	7,397	(5,200)	(2,368)	3,646	207,508
School Building Fund	40,738	307,729	(326,319)	240,000	-	262,148
Other Restricted Funds	31,786	7,742	(19,071)	(420)	1,161	21,198
	<u>2,134,916</u>	<u>549,552</u>	<u>(525,268)</u>	<u>(22,529)</u>	<u>42,312</u>	<u>2,178,983</u>
PAROCHIAL						
Parish Fund Raising	224,769	343,867	(385,768)	26,026	-	208,894
Investment Funds	580,668	(36,207)	-	-	10,316	554,777
Foundation Masses	160,706	-	-	-	-	160,706
	<u>966,143</u>	<u>307,660</u>	<u>(385,768)</u>	<u>26,026</u>	<u>10,316</u>	<u>924,377</u>
	<u>£3,101,059</u>	<u>£857,212</u>	<u>£(911,036)</u>	<u>£3,497</u>	<u>£52,628</u>	<u>£3,103,360</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 2011

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 2010 £	Incoming Resources £	Transfers/ Resources Expended £	Movement On Investments £	Balance at 31 August 2011 £
CURIAL					
Education Fund	410,548	16,792	(44,332)	6,828	389,836
Insurance Risk Fund	41,935	-	(5,760)	-	36,175
Pastoral Development Fund	717,150	-	(16,000)	-	701,150
Living Our Faith Fund	2,342,894	1,054,496	(9,578)	-	3,387,812
	<u>3,512,527</u>	<u>1,071,288</u>	<u>(75,670)</u>	<u>6,828</u>	<u>4,514,973</u>
PAROCHIAL					
Living Our Faith Fund	1,402,606	1,258,653	(639,013)	-	2,022,246
Other Parochial Funds	51,038,663	11,106,752	(11,299,438)	1,448,268	52,294,245
	<u>52,441,269</u>	<u>12,365,405</u>	<u>(11,938,451)</u>	<u>1,448,268</u>	<u>54,316,491</u>
	<u>£55,953,796</u>	<u>£13,436,693</u>	<u>£(12,014,121)</u>	<u>£1,455,096</u>	<u>£58,831,464</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2011

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 2011 Total £
Permanent						
Endowment Funds						
Curial	-	138,330	(7,776)	-	-	130,554
Parochial	597,181	122,567	61,378	-	-	781,126
Restricted Funds						
Curial	-	2,249,128	(70,145)	-	-	2,178,983
Parochial	-	715,483	208,894	-	-	924,377
Unrestricted funds						
Curial	1,023,258	6,716,667	(1,434,366)	(2,548,873)	784,232	4,540,918
Parochial	36,712,895	13,603,174	5,187,182	(402,528)	(784,232)	54,316,491
Total Net Assets	<u>£38,333,334</u>	<u>£23,545,349</u>	<u>£3,945,167</u>	<u>£(2,951,401)</u>	<u>£ -</u>	<u>£62,872,449</u>

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 £3,094 (2010 £12,531). Trustees were reimbursed for travel expenses incurred in their capacity as trustees in the year in the sum of £1,917 (2010 £3,261).

14. CAPITAL COMMITMENTS

	31 August 2011 £	31 August 2010 £
Authorised and contracted for	<u>£1,400,000</u>	<u>£1,500,000</u>

THE PORTSMOUTH DIOCESAN TRUST
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2011

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 2011

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 2011	31 August 2011 £	31 August 2010 £
TURNOVER	770,142	872,289
Cost of sales	(276,632)	(271,464)
GROSS PROFIT	493,510	600,825
Administrative expenses	(307,915)	(290,226)
	185,595	310,599
Amount gifted to the Charity	(195,190)	(242,585)
Loans written off	-	-
Tax on profit on ordinary activities	-	-
(LOSS)/PROFIT AFTER TAXATION	(9,595)	68,014
Reserves brought forward	37,229	(30,785)
RESERVES CARRIED FORWARD	<u>£27,634</u>	<u>£37,229</u>

Included within turnover are sales to the Diocese amounting to £147,802 (2010 £224,204).

Consolidated Balance Sheets As At 31 August 2010	31 August 2011 £	31 August 2010 £
FIXED ASSETS		
Tangible assets	76,860	71,553
CURRENT ASSETS		
Stocks	120,985	112,720
Debtors	239,353	59,877
Cash at bank and in hand	106,941	219,388
	467,279	391,985
CREDITORS: Amounts falling due within one year	(350,004)	(259,808)
NET CURRENT ASSETS	117,275	132,177
CREDITORS: Amounts falling due after one year	-	-
NET ASSETS	<u>£194,135</u>	<u>£203,730</u>
Share capital	166,501	166,501
Reserves	27,634	37,229
SHAREHOLDERS' FUNDS	<u>£194,135</u>	<u>£203,730</u>