

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

**TRUSTEES' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**31 AUGUST 2008**

haysmacintyre  
Chartered Accountants  
Registered Auditors

**THE PORTSMOUTH DIOCESAN TRUST**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2008**  
**LEGAL AND ADMINISTRATIVE DETAILS**

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**BOARD OF TRUSTEES**

Bishop Crispian Hollis (Chairman)  
Mr Peter Burns  
Mr Francis Davis  
Mgr Canon Nicholas France  
Rev Dominic Golding Appointed 23 April 2009  
Miss Catherine Hargaden  
Mgr Vincent Harvey VG  
Rev Provost Gerard Hetherington Retired 5 February 2009  
Rev Canon Richard Hind  
Rev Canon David Hopgood  
Mr Peter Hancock  
Mrs Sheila Hughes  
Mgr Thomas McGrath VG  
Mr Iain McGrory  
Mrs Clare McKenna Appointed 23 April 2009  
Mgr John Nelson VG  
Mr Kevin Ryan  
Mr Alan Sendall Appointed 23 April 2009  
Mrs Elizabeth Slinn

**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 2008**

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The Trustees present their Report together with the financial statements of The Portsmouth Diocesan Trust and subsidiary companies for the year ended 31 August 2008, 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 Following an Order of the Charity Commission dated 14 August 2002, this Trust Deed has been revoked and a new Trust Deed dated 5 August 2002, and a Deed of Variation dated 7 April 2004, has been put in place by the Bishop and the Trustees. On 20 July 2001, there was a Direction from Charity Commission, that all the charities of which the Trustees are Trustees except the Portsmouth Roman Catholic Priests' Retirement Fund (Charity Number 1061194) and the charities holding real property in the Channel Islands, should be treated as a single charity for the purposes of registration and accounting under the Charities Act 1993.

#### **TRUSTEES**

These are set out on page 1.

#### **OBJECTS AND POLICY**

The objectives of the charity include the following: -

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

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

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

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

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

#### **ORGANISATION**

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

The Diocese of Portsmouth was created on 19 May 1882 when the original administrative counties of Hampshire and Berkshire were separated from the Archdiocese of Southwark. It now comprises an area bounded by a line from Bournemouth in the west, north as far as the outskirts of Oxford, then following the south bank of the River Thames eastwards through Reading and Maidenhead to Windsor before turning south through Sandhurst and Aldershot to Havant, together with the Isle of Wight and the Channel Islands. The Diocese is divided into parishes, which at the period end numbered 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.

## THE PORTSMOUTH DIOCESAN TRUST

### TRUSTEES' ANNUAL REPORT (Continued)

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#### TRUSTEE COMMITTEES

The Trustees have 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.

##### 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 are members of this committee are Mr Kevin Ryan, Canon Richard Hind and Mr Iain McGrory.

##### The Finance & Property Committee

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

Amongst others, the trustees who are members of this committee are Mgr John Nelson, Canon Richard Hind, Mgr Thomas McGrath, Mr Peter Burns, Mr Peter Hancock and Mr Iain McGrory.

##### The Investments Committee

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

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

##### The Schools Committee

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

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

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

## **THE PORTSMOUTH DIOCESAN TRUST**

### **TRUSTEES' ANNUAL REPORT (Continued)**

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#### **ACTIVITIES AND ACHIEVEMENTS**

Following the change in 2005, in reorganising parishes into 24 pastoral areas, part of the achievements in this period is that 2 of those areas have taken the step to merge the parishes in those areas into a single parish, while still honouring the trusts and funds of the original parishes where appropriate. This is recognising the objects set out in the pastoral plan to respect the centrality of the Sunday Eucharist and developing Catholic stewardship in those areas. The pastoral plan also encapsulates the difficulties being encountered in providing pastoral care and Sunday Eucharist for the many small communities in the diocese. Other pastoral areas have been organising themselves to ensure that communities within those areas had the pastoral care and sacramental programmes necessary for those communities. This ongoing process appears to be awakening the communities not only to their needs, but also to their responsibilities. This programme also addresses the need to demonstrate that the diocese is providing the Public Benefit being looked for in the Charities Act 2006, although the process had begun prior to the implementation of this Act.

During this period, following much consultation, originating from the work of the Budgetary Committee, and the deliberation of the Trustees, a pilot programme has been initiated to raise funds, to endow the diocese with sufficient funds to enable it to support independently the training of students to the priesthood, and the continuing care of its ordained clergy in their ministry. The programme, entitled "Living our Faith", is utilising the resources of a professional fundraising team, and is aiming to raise in excess of £6m, which will have the effect of substantially reducing the demands on the parishes in respect of the annual diocesan levy. In addition, the programme is assisting the identification of other requirements in the parishes, to fund adult formation programmes and resources, and various capital projects, so the initiative is giving us a partnership between the parishes of the dioceses.

Planning consent has been achieved in July 2007, for a new church in the growing area of Waterlooville, to replace a chapel owned by the Sisters of Our Lady of Charity, which they are having to dispose of, and is currently not suitable for liturgical purposes. Construction is likely to commence in 2009. Another parish has identified a need for a new church, in Hungerford, and are currently working towards obtaining the appropriate planning consent, which when conditions allow, will enable sufficient surplus land to be disposed, to substantially fund the building costs. There is also a continuing programme of refurbishment. A new parish hall has been completed in Farnborough, and is operating successfully, as well as the imaginative re-ordering of a listed church in Farrington. Other works are being planned in Christchurch, but unlikely to commence in the near future.

Because of the current economic situation, the trustees have had to consider the advisability of disposing surplus properties, and accordingly are not looking to approve projects which are not self funding. Clearly, if there is an urgent need for repairs then such projects will have to be funded.

To recognise the Bishop's responsibility for religious orders within his diocese, which are of diocesan right and not of pontifical right, two orders have had to be suppressed, by Orders from the Holy See, and the Trustees have taken as their responsibility to ensure that the members and property of those orders are properly cared for. This has resulted in one action to protect the members and their property being taken in the High Court, which because of deficiencies in the trust deeds involved, resulted in a failure to retain the properties previously utilised by the Order, and to recover the costs involved. In accordance with a Decree of the Holy See dated 12 December 2007 a property known as Poor Clare Convent, Bracken Lane, Southampton, Hampshire (independently valued at £1,250,000) was transferred by the Poor Clare Colettine nuns to the Portsmouth Roman Catholic Diocesan Trustees Registered as trustees for Portsmouth Diocesan Trust. The Trustees made a cash payment of €1,000,000. The net proceeds of the property after taking account of the expenses of the transfer, the cash payment of €1,000,000 and the amount of any taxes or other sums properly payable in relation to the transfer of the property were donated by the Poor Clare Colettine nuns to the Portsmouth Diocesan Trust for its general charitable purposes.

#### **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 £203,963 (2007 Increase - £325,575) on normal activities, with an increase in investment funds of £1,596 (2007 Increase - £1,764,882). No further formal valuation of investment properties was deemed necessary for the purposes of these financial statements. There have been Trustees' valuations in respect of those properties which have been transferred into Investment Properties due to changes in use. Included in income are legacies to the value of £866,811, compared to £342,397 in 2007.

## **THE PORTSMOUTH DIOCESAN TRUST**

### **TRUSTEES' ANNUAL REPORT (Continued)**

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#### **FINANCIAL REVIEW (Continued)**

The Cash Flow Statement indicates that the cash resources of the Charity decreased by £874,487 in the year, as compared to a decrease of £1,987,292 in 2007.

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 £2,720,033 (2007 - £3,493,903) was held for those schools.

Improving and maintaining the properties owned by the Charity is a major priority, with a total of £1,919k (2007 £1,718k) spent on repairs and a further £1,800k (2007 £2,795k) spent on capital projects during the period. Surplus tangible fixed assets were also disposed of in the period realising £265k (2007 £315k), creating a surplus of £133k (2007 £76k).

To facilitate the funding of this expenditure on property, all parish funds are lodged centrally, thereby enabling interest free loans to be made to parishes undertaking these major expenditures, should these parishes not have sufficient financial resources available. The Trustees will ensure that the Charity has sufficient resources to meet these commitments before entering into any contracts.

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

The 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.

The "Living our Faith" programme has been set out as a designated fund, and the initial costs of the programme have been shown in that fund, as a deficit of £166,495. To the date of this report totalling £1.2 m have been made.

Throughout the Charity, there are also fund raising activities for outside charitable activities, which in the period amounted to £340,982 (2007 £293,667). 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)**

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#### **INVESTMENT POWERS**

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

The performance of the fund in the year to 31 December 2008 showed a return of -22.4% (2007 – 8.50%) against a benchmark return of -17.1% (2007 – 5.5%). Within this fund is a Common Investment Fund called Charifaith which is managed by the diocesan investment managers, and returned -18.6% (2007 – 8.7%) in the year ended 31 December 2008, against a benchmark of -18.8% (2007 – 4.8%). The Trustees consider that the performance against benchmark does not cause them concern, because of the long term nature of the investment fund.

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

As at 31 August 2008, Curial reserves amounted to £5,276,169, of which £1,475,926, approximately six months general expenditure, is free from any restrictions or designations. This is a decrease of £307,863 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.

There are other amounts totalling around £3.8m, 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 £52.2m, of which £31m is represented by the value of churches and other functional properties. This is an increase of around £1.3m for the year. These funds are for the purposes of the activities of individual parishes, and designated for that use.

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

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

In order to address this issue, the Trustees have established a Pastoral Development Fund, which will be funded by donations, legacies and some of the proceeds of sale from properties surplus to the Charity's functional or investment purposes, and an initial transfer of £1,041,608 was made in 2005 from the net proceeds of a surplus property. This is shown in the financial statements as a designated fund. During 2008 £300,000 has been utilised to partially fund a parish project, where funds were not available, and in 2009, a further £500,000 from this fund is committed to a project where a parish does not have sufficient resources to complete the project.

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

The Trustees have addressed the issue of ensuring that the central budget is balanced. This in itself should ensure, subject to investment performance, that reserves are not depleted. However, because investment and cash deposits have been essential in achieving this balance, and the returns currently available, this is unlikely to continue, and therefore the Budgetary committee is currently considering what discretionary expenditure can be limited in future.

## **THE PORTSMOUTH DIOCESAN TRUST**

### **TRUSTEES' ANNUAL REPORT (Continued)**

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#### **RISK ASSESSMENT**

The Trustees have assessed the major risks to which the Charity is exposed, in particular those relating to the operation and finances of the Charity, and believe effective insurances, checks, controls and procedures are in place to mitigate those risks. The Trustees are re-examining this area on a continual basis, to ensure they are not exposed to risks resulting from current legislation.

#### **CONNECTED CHARITY**

A connected charity is identified in Note 16

#### **FUTURE PLANS**

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

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

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

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The purpose of this statement is to distinguish the Trustees' responsibilities for the accounts from those of the auditors as stated in their report. The Charities Act 1993 requires the Trustees to prepare for each financial period financial statements which give a true and fair view of the Charity's financial activities during the period and of its financial position at the period end. In preparing the financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that this basis applies.

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

Approved by the Board of Trustees on 23 April 2009 and signed on its behalf by:

Rt. Rev Crispian Hollis (Trustee)

Mr Iain McGrory (Trustee)

# **THE INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF**

## **THE PORTSMOUTH DIOCESAN TRUST**

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We have audited the financial statements of the Portsmouth Diocesan Trust and subsidiary companies for the period ended 31 August 2008, 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 2008 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  
2009**

**haysmacintyre  
Chartered Accountants  
Registered Auditors**

**PORTSMOUTH DIOCESAN TRUST**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 AUGUST 2008**

		Unrestricted Funds		Restricted Funds	Total 2008	2007
	Notes	Curial £	Parochial £	£	£	£
<b>Incoming resources</b>						
<b>Incoming resources from generated funds:</b>						
Donations and Offertories		-	7,969,092	982,862	8,951,954	8,925,647
Legacies		-	815,577	51,234	866,811	342,397
Other		276,995	110,356	123,924	511,275	544,643
<b>Activities to generate funds:</b>						
Rent – investment properties		32,223	264,445	-	296,668	225,402
miscellaneous lettings		-	1,110,455	69,261	1,179,716	1,108,657
Income of trading subsidiaries	17	-	777,463	-	777,463	799,868
Investment income and interest receivable	1	450,675	242,343	105,348	798,366	792,848
<b>Other incoming resources:</b>						
Insurance Claims		-	21,611	-	21,611	26,015
Gain on disposal of tangible fixed assets		-	133,320	-	133,320	75,784
		<u>759,893</u>	<u>11,444,662</u>	<u>1,332,629</u>	<u>13,537,184</u>	<u>12,841,261</u>
<b>Resources expended</b>						
<b>Costs of generating funds</b>						
Expenses of trading subsidiaries		-	759,677	-	759,677	827,009
Finance costs		98,859	-	-	98,859	109,243
<b>Charitable expenditure</b>						
Activities in furtherance of the Roman Catholic Church		2,932,055	8,030,716	1,355,225	12,317,996	11,379,122
<b>Governance costs</b>		<u>156,689</u>	<u>-</u>	<u>-</u>	<u>156,689</u>	<u>200,312</u>
Total resources expended	2 & 3	<u>3,187,603</u>	<u>8,790,393</u>	<u>1,355,225</u>	<u>13,333,221</u>	<u>12,515,686</u>
<b>Net (Outgoing)/Incoming Resources before transfers</b>						
		<u>(2,427,710)</u>	<u>2,654,269</u>	<u>(22,596)</u>	<u>203,963</u>	<u>325,575</u>
Transfers between Funds		(151,200)	(768,667)	919,867	-	-
Transfers - Diocesan Levy		1,459,310	(1,459,310)	-	-	-
<b>Net (Outgoing)/Incoming Resources for the Year/Period</b>		<u>(1,119,600)</u>	<u>426,292</u>	<u>897,271</u>	<u>203,963</u>	<u>325,575</u>
<b>Other Recognised Gains &amp; Losses</b>						
Realised and Unrealised Gains on investments		303,450	(157,727)	(144,127)	1,596	1,764,882
<b>Net movement in funds</b>		<u>(816,150)</u>	<u>268,565</u>	<u>753,144</u>	<u>205,559</u>	<u>2,090,457</u>
Fund balances brought forward		<u>3,507,089</u>	<u>50,071,955</u>	<u>3,696,303</u>	<u>57,275,347</u>	<u>55,184,890</u>
<b>Fund balances carried forward</b>	9	<u><u>£2,690,939</u></u>	<u><u>£50,340,520</u></u>	<u><u>£4,449,447</u></u>	<u><u>£57,480,906</u></u>	<u><u>£57,275,347</u></u>

**THE PORTSMOUTH DIOCESAN TRUST**

**CONSOLIDATED BALANCE SHEET**

**AS AT 31 AUGUST 2008**

	Notes	Curial Funds £	Parochial Funds £	Year ended 31 August 2008 £	Year ended 31 August 2007 £
<b>Fixed Assets</b>					
Tangible assets	5	1,039,008	32,048,519	33,087,527	32,066,961
Investments	6	8,077,115	13,375,393	21,452,508	20,366,389
		<u>9,116,123</u>	<u>45,423,912</u>	<u>54,540,035</u>	<u>52,433,350</u>
<b>Current Assets</b>					
Debtors and prepayments	7	374,423	89,299	463,722	1,022,401
Cash at bank and in hand		1,577,741	5,547,953	7,125,694	8,000,182
		<u>1,952,164</u>	<u>5,637,252</u>	<u>7,589,416</u>	<u>9,022,583</u>
<b>Creditors: due within one year</b>	8	<u>(4,166,559)</u>	<u>(481,986)</u>	<u>(4,648,545)</u>	<u>(4,180,586)</u>
<b>Net Current (Liabilities)/Assets</b>		<u>(2,214,395)</u>	<u>5,155,266</u>	<u>2,940,871</u>	<u>4,841,997</u>
<b>Parish Loan Accounts</b>					
Due from parishes		2,702,184	(2,702,184)	-	-
Due to parishes		(4,327,743)	4,327,743	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(1,625,559)</u>	<u>1,625,559</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>£5,276,169</u>	<u>£52,204,737</u>	<u>£57,480,906</u>	<u>£57,275,347</u>
<b>RESERVES</b>	9	<u>£5,276,169</u>	<u>£52,204,737</u>	<u>£57,480,906</u>	<u>£57,275,347</u>

Approved by the Trustees on 23 April 2009 and signed on their behalf by:

Rt Rev Crispian Hollis  
(Trustee)

Mr Iain McGrory  
(Trustee)

The notes form part of these accounts.

**THE PORTSMOUTH DIOCESAN TRUST**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2008**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of Net Incoming Resources to Cash</b>		
<b>Inflow from Operating Activities</b>		
Changes in resources before revaluations	203,963	325,575
Returns on investment	(798,366)	(792,848)
Depreciation	647,268	611,469
Gain on disposal of Tangible Fixed Assets	(133,320)	(75,784)
(Increase)/decrease in debtors	558,679	164,215
Increase/(Decrease) in creditors	467,959	375,111
	<u>£946,183</u>	<u>£607,738</u>

**CASH FLOW STATEMENT**

<b>Net cash inflow from operating activities</b>	946,183	607,738
Returns on investment	798,366	792,848
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(1,799,674)	(2,795,141)
Receipts from sales of tangible fixed assets	265,160	315,096
Payments to acquire investments	(4,752,960)	(4,926,787)
Receipts from sales of investments	3,668,437	4,018,954
	<u>£(874,488)</u>	<u>£(1,987,292)</u>

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

	<b>2007</b>	<b>Cash Flows</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand and at bank	<u>£8,000,182</u>	<u>£(874,488)</u>	<u>£7,125,694</u>

## THE PORTSMOUTH DIOCESAN TRUST

### STATEMENT OF ACCOUNTING POLICIES

#### FOR THE YEAR ENDED 31 AUGUST 2008

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

**a) Basis of preparation**

The financial statements represent the Portsmouth Diocesan Trust together with its wholly owned trading subsidiary companies (consolidated on a line by line basis) listed in note 17. Since the consolidated balance sheet is not materially different from the Trust balance sheet only a consolidated balance sheet and consolidated notes to the accounts have been presented. In accordance with paragraph 397 of the Charities SORP 2005, no separate statement of financial activities has been prepared for the Charity alone.

**b) Legacies, Donations and Grants**

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

**c) Investments and Investment Income**

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

**d) Taxation**

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

**e) Expenditure**

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

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

**f) Tangible Fixed Assets**

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

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

**THE PORTSMOUTH DIOCESAN TRUST**

**STATEMENT OF ACCOUNTING POLICIES (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2008**

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

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

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

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

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

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

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

**g) Gains and Losses**

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

**h) Schools Building Programme**

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

**i) Parochial Funds**

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

**j) Permanent Endowment Funds**

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

**k) Fund Accounting**

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

Designated funds are funds set aside by the Trustees for specific purposes (see note 12).

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

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2008**

<b>1. INVESTMENT INCOME AND INTEREST RECEIVABLE</b>					<b>Year ended 31 August 2008 £</b>	<b>Year ended 31 August 2007 £</b>
Arising on quoted investments					307,620	348,679
Bank interest					490,746	444,169
					<u>£798,366</u>	<u>£792,848</u>
					<u><u>£798,366</u></u>	<u><u>£792,848</u></u>
<b>2. CHARITABLE EXPENDITURE</b>					<b>Year ended 31 August 2008 £</b>	<b>Year ended 31 August 2007 £</b>
	<b>General Funds £</b>	<b>Designated Funds £</b>	<b>Restricted Funds £</b>	<b>Parochial Funds £</b>		
<b>Activities in the furtherance of the Roman Catholic Church</b>						
Curial and Diocesan	2,183,093	166,495	-	-	2,349,588	1,604,091
Clergy training	167,510	-	-	-	167,510	206,251
Educational purposes	-	28,906	657,800	-	686,706	635,447
Social purposes	-	-	193,957	-	193,957	71,760
Risk management	-	7,369	-	-	7,369	15,036
Parochial expenses	-	-	498,189	8,035,995	8,534,184	8,434,488
Support costs	378,682	-	-	-	378,682	412,050
<b>Governance costs</b>						
Finance and Property department	67,823	-	-	-	67,823	75,639
Audit	49,349	-	-	-	49,349	38,933
Legal	39,517	-	-	-	39,517	85,739
<b>Costs of generating Funds</b>						
Subsidiaries	-	-	-	759,677	759,677	827,009
Finance costs	98,859	-	-	-	98,859	109,243
	<u>£2,984,833</u>	<u>£202,770</u>	<u>£1,349,946</u>	<u>£8,795,672</u>	<u>£13,333,221</u>	<u>£12,515,686</u>
	<u><u>£2,984,833</u></u>	<u><u>£202,770</u></u>	<u><u>£1,349,946</u></u>	<u><u>£8,795,672</u></u>	<u><u>£13,333,221</u></u>	<u><u>£12,515,686</u></u>

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2008**

<b>3. RESOURCES EXPENDED</b>	<b>Personnel (incl. Clergy) £</b>	<b>Property £</b>	<b>Depreciation £</b>	<b>Other £</b>	<b>Total £</b>
<b>Analysis of costs</b>					
Costs of generating funds	173,666	-	11,487	673,383	858,536
Charitable expenditure	3,137,240	2,093,833	635,781	6,451,142	12,317,996
Governance costs	33,007	-	-	123,682	156,689
	<u>£3,343,913</u>	<u>£2,093,833</u>	<u>£647,268</u>	<u>£7,248,207</u>	<u>£13,333,221</u>

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

	<b>2008 £</b>	<b>2007 £</b>
Governance costs include		
Auditors remuneration – Audit (including VAT)	<u>£43,239</u>	<u>£38,933</u>

<b>4. STAFF</b>	<b>Year ended 31 August 2008 £</b>	<b>Year ended 31 August 2007 £</b>
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The average number of total employees (not full time equivalents) of the Diocese during the period and their aggregate emoluments are shown below

**Staff Costs:**

Wages and salaries	1,987,282	1,947,771
Social security	133,476	130,133
Pension costs	19,127	23,132
	<u>£2,139,885</u>	<u>£2,101,036</u>

**Number of Employees:**

	<b>No</b>	<b>No</b>
Departments	37	35
Parish	229	223
	<u>266</u>	<u>258</u>

Employees with emoluments greater than £60,000:

	<b>2008</b>	<b>2007</b>
£70,000 - £80,000	1	1

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2008**

<b>5. TANGIBLE FIXED ASSETS</b>	<b>Freehold Buildings £</b>	<b>Furniture &amp; Equipment £</b>	<b>Total £</b>
<b>COST OR VALUATION</b>			
At 1 September 2007	34,560,028	2,238,986	36,799,014
Additions	1,730,089	69,585	1,799,674
Disposals	(150,205)	(52,433)	(202,638)
	<u>36,139,912</u>	<u>2,256,138</u>	<u>38,396,050</u>
<b>DEPRECIATION</b>			
At 1 September 2007	3,123,734	1,608,319	4,732,053
Charge for the period	512,678	134,590	647,268
On disposals	(18,365)	(52,433)	(70,798)
	<u>3,618,047</u>	<u>1,690,476</u>	<u>5,308,523</u>
<b>NET BOOK VALUE</b>			
At 31 August 2008	<u>£32,521,865</u>	<u>£565,662</u>	<u>£33,087,527</u>
At 31 August 2007	<u>£31,436,294</u>	<u>£630,667</u>	<u>£32,066,961</u>

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

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

<b>6. INVESTMENTS</b>	<b>Investment Properties £</b>	<b>Quoted Investments £</b>	<b>Total £</b>
Market value at 1 September 2007	11,949,052	8,417,337	20,366,389
Additions	1,385,079	3,367,881	4,752,960
Disposals	-	(3,668,437)	(3,668,437)
Revaluation gains/(losses)	434,329	(432,733)	1,596
	<u>£13,768,460</u>	<u>£7,684,048</u>	<u>£21,452,508</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	51.81%
Charinco Dist Units	5.33%
BlackRock Blk Overseas	5.19%

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2008

<b>7. DEBTORS</b>			<b>31 August 2008 £</b>	<b>31 August 2007 £</b>
School and other loans			97,779	580,277
Legacies Receivable			27,278	114,538
Other debtors and prepayments			338,665	327,586
			<u>£463,722</u>	<u>£1,022,401</u>
<b>8. CREDITORS</b>			<b>31 August 2008 £</b>	<b>31 August 2007 £</b>
School and other loans			3,793,440	3,683,823
Other creditors and accruals			855,105	496,763
			<u>£4,648,545</u>	<u>£4,180,586</u>
<b>9. RESERVES</b>			<b>Total 31 August 2008 £</b>	<b>Total 31 August 2007 £</b>
	<b>Curial Funds £</b>	<b>Parochial Funds £</b>		
Unrestricted Funds				
General Funds	1,475,926	-	1,475,926	1,783,790
Designated Funds (Note 12)	1,215,013	50,340,520	51,555,533	1,723,300
	<u>2,690,939</u>	<u>50,340,520</u>	<u>53,031,459</u>	<u>3,507,090</u>
Restricted Funds (Note 11)	2,451,167	1,021,831	3,472,998	52,773,297
Permanent Endowment Funds (Note 10)	134,063	842,386	976,449	994,960
	<u>£5,276,169</u>	<u>£52,204,737</u>	<u>£57,480,906</u>	<u>£57,275,347</u>
<b>10. PERMANENT ENDOWMENT FUNDS</b>				
	<b>Balance at 31 August 2007 £</b>	<b>Net Incoming/ (Outgoing) Resources £</b>	<b>Movement On Investments £</b>	<b>Balance at 31 August 2008 £</b>
<b>Parochial Funds</b>				
Properties	471,646	(5,280)	-	466,366
Other	143,918	-	(5,789)	138,129
Annie Mangles Trust	194,932	-	2,250	197,182
Boyle Trust	41,876	-	(1,167)	40,709
	<u>852,372</u>	<u>(5,280)</u>	<u>(4,706)</u>	<u>842,386</u>
<b>Curial Funds</b>	142,588	-	(8,525)	134,063
	<u>£994,960</u>	<u>£(5,280)</u>	<u>£(13,231)</u>	<u>£976,449</u>

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2008**

**11. RESTRICTED FUNDS**

	Balance at 1 September 2007 £	Incoming Resources £	Resources Expended £	Transfers £	Movement on Investments £	Balance at 31 August 2008 £
<b>CURIAL</b>						
Social Welfare	153,544	5,527	(4,723)	-	(7,657)	146,691
Clergy Training	1,294,765	105,323	-	(105,323)	(70,652)	1,224,113
Bamenda Fund	303,479	54,258	(89,879)	-	(14,184)	253,673
Clergy Assistance	188,948	70,755	-	(43,477)	(12,405)	203,821
Lourdes Fund	124,323	5,231	(7,731)	-	(6,030)	115,793
Blanche Edmond Rowley Charitable Trust	94,258	4,495	-	-	(4,499)	94,254
Youth Funds	9,317	83,114	(87,899)	-	-	4,532
Vicariate Triple Trust	65,530	2,304	-	-	(3,193)	64,641
Edward Rice Fund	211,893	8,201	(13,624)	-	(11,365)	195,105
School Building Fund	216,925	532,064	(634,838)	-	-	114,151
Other Restricted Funds	38,361	10,004	(13,062)	-	(911)	34,393
	<u>2,701,343</u>	<u>881,276</u>	<u>(851,756)</u>	<u>(148,800)</u>	<u>(130,896)</u>	<u>2,451,167</u>
<b>PAROCHIAL</b>						
Parish Fund Raising	-	451,354	(498,190)	268,655	-	221,819
Investment Funds	-	-	-	639,306	-	639,306
Foundation Masses	-	-	-	160,706	-	160,706
	<u>£2,701,343</u>	<u>£1,332,630</u>	<u>£(1,349,946)</u>	<u>£919,867</u>	<u>£(130,896)</u>	<u>£3,472,998</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 2008**

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**11. 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 consists 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.

<b>12. DESIGNATED FUNDS (CURIAL)</b>	<b>Balance at 31 August 2007 £</b>	<b>Incoming Resources £</b>	<b>Transfers/ Resources Expended £</b>	<b>Movement on Investments £</b>	<b>Balance at 31 August 2008 £</b>
Education Fund	608,946	24,416	(26,465)	(36,411)	570,486
Insurance Risk Fund	73,204	4,037	(7,369)	-	69,872
Pastoral Development Fund	1,041,150	-	(300,000)	-	741,150
Living Our Faith Fund	-	-	(166,495)	-	(166,495)
	<u>£1,723,300</u>	<u>£28,453</u>	<u>£(500,329)</u>	<u>£(36,411)</u>	<u>£1,215,013</u>

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2008**

**12. 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 pilot 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.

**13. ALLOCATION OF NET ASSETS**

	<b>Fixed Assets</b>	<b>Investment s</b>	<b>Current Assets</b>	<b>Current Liabilities</b>	<b>Parish Loan Accounts</b>	<b>31 August 2008 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Permanent Endowment Funds</b>						
Curial	-	139,542	(5,479)	-	-	134,063
Parochial	613,019	183,980	45,387	-	-	842,386
<b>Restricted Funds</b>						
Curial	-	2,293,023	158,144	-	-	2,451,167
Parochial	-	800,012	221,819	-	-	1,021,831
<b>Unrestricted funds</b>						
Curial	1,039,008	5,644,550	1,799,499	(4,166,559)	(1,625,559)	2,690,939
Parochial	31,435,500	12,391,401	5,370,046	(481,986)	1,625,559	50,340,520
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Net Assets</b>	<b>£33,087,527</b>	<b>£21,452,508</b>	<b>£7,589,416</b>	<b>£(4,648,545)</b>	<b>£ -</b>	<b>£57,480,906</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**14. TRANSACTIONS WITH TRUSTEES**

Certain of the Trustees are also priests within the Diocese. As priests they receive income from their office together with living accommodation, living expenses and reimbursement of costs incurred on behalf of their parish on the same basis as other priests within the Diocese. No Trustee receives any remuneration or benefits from their trusteeship. One Trustee was paid for his professional services to the Diocese, excluding acting as Trustee, which amounted to £18,872 (2007 £35,785). Trustees were re-imbursed for travel expenses, in their capacity as Trustees, in the year in the sum of £3,177 (2007 £2,158)

**15. CAPITAL COMMITMENTS**

	<b>31 August 2008 £</b>	<b>31 August 2007 £</b>
Authorised and contracted for	£1,200,000	£1,229,000
	<u>                    </u>	<u>                    </u>

**THE PORTSMOUTH DIOCESAN TRUST**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2008**

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**16. CONNECTED CHARITY**

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

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

**17. TRADING SUBSIDIARIES**

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

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

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

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2008**

**17. TRADING SUBSIDIARIES (Continued)**

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

<b>Consolidated Profit and Loss Account For the Year Ended 31 August 2008</b>	<b>31 August 2008 £</b>	<b>31 August 2007 £</b>
<b>TURNOVER</b>	777,463	799,868
Cost of sales	(304,149)	(321,343)
<b>GROSS PROFIT</b>	473,314	478,525
Administrative expenses	(320,024)	(350,282)
	153,290	128,243
Amount gifted to the Charity	(135,505)	(155,337)
Loans written off	-	-
Tax on profit on ordinary activities	-	-
<b>(LOSS)/PROFIT AFTER TAXATION</b>	17,785	(27,094)
Reserves brought forward	(22,323)	4,771
<b>RESERVES CARRIED FORWARD</b>	£(4,538)	£(22,323)

Included within turnover are sales to the Diocese amounting to £68,615 (2007 £84,243).

<b>Consolidated Balance Sheets As At 31 August 2008</b>	<b>31 August 2008 £</b>	<b>31 August 2007 £</b>
<b>FIXED ASSETS</b>		
Tangible assets	23,340	33,246
<b>CURRENT ASSETS</b>		
Stocks	90,999	56,225
Debtors	28,037	13,219
Cash at bank and in hand	291,004	306,469
	410,040	375,913
<b>CREDITORS: Amounts falling due within one year</b>	(271,417)	(264,981)
<b>NET CURRENT ASSETS</b>	138,623	110,932
<b>CREDITORS: Amounts falling due after one year</b>	-	-
<b>NET ASSETS</b>	£161,963	£144,178
Share capital	166,501	166,501
Reserves	(4,538)	(22,323)
<b>SHAREHOLDERS' FUNDS</b>	£161,963	£144,178