

THE PORTSMOUTH DIOCESAN TRUST
(Registered Charity No: 246871)

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

31 AUGUST 2016

haysmacintyre
Chartered Accountants
Registered Auditors

THE PORTSMOUTH DIOCESAN TRUST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

LEGAL AND ADMINISTRATIVE DETAILS

BOARD OF TRUSTEES

	Appointed	Resigned
Bishop Philip Egan (Chairman)	11 October 2012	
Rev Mr Gerard Dailly	10 December 2015	
Rev Canon Michael Dennehy	18 July 2013	
Rev Canon Dominic Golding	23 April 2009	
Mr Peter Hancock	18 July 2006	
Rev Fr Mark Hogan	18 July 2013	
Mrs Alison Humphreys	10 October 2013	
Mrs Sue Masser	29 September 2016	
Mr Martin McCloskey	29 September 2016	
Rev Fr Jamie McGrath	18 July 2013	
Dr Anthony Murphy	29 September 2016	
Mr Kevin Ryan	5 May 2004	8 December 2016
Mr Alan Sendall	23 April 2009	
Mrs Elizabeth Slinn	16 March 2006	8 December 2016
Rev Fr Simon Thomson	10 December 2015	
Rev Canon Paul Townsend	18 July 2013	

SECRETARY TO THE TRUSTEES Rev Dr Stephen D Morgan (resigned 5 October 2015)
 Rev Mgr John Nelson (appointed 5 October 2015)

CHARITY NUMBER 246871

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

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

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

AUDITORS haysmacintyre
 26 Red Lion Square
 London
 WC1R 4AG

INVESTMENT ADVISORS Charles Stanley & Co Ltd C Hoare & Co Cazenove
 25 Luke Street 37 Fleet Street 12 Moorgate
 London London London
 EC2A 4AR EC4P 4DQ EC2R 6DA
 (to 16 February 2017) (from 17 February 2017)

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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 2016, which are prepared in accordance with the Charities SORP (FRS 102).

The Bishop and the Trustees remain mindful of the Roman Catholic Church's call over the last three decades to move from what can be perceived as being an inward-looking organisation, seeking to preserve the status quo, to one which looks outwards to bring the Good News of Jesus Christ to the society in which it lives. So the Bishop has a vision of transforming the Diocese into an evangelising diocese, with a missionary-minded approach, one of evangelistic Catholicism in which the object of all diocesan activities is, within the terms of the Diocese's charitable objects, to make Jesus Christ better known and better loved in His Body, the Catholic Church. This approach has been called a New Evangelisation; that is one which involves the re-evangelisation of former Christian cultures and of Christians who have been disconnected from their faith with a new ardour, new methods of evangelisation and new expressions of the Faith once committed to the Apostles. Continued discernment will ensure that the Diocese's renewed missionary-focused efforts reflect an intention to re-evangelise the Diocese. Christ calls all women and men, and the vocation of lay people to holiness and mission in the midst of daily life is a central feature of the work of the Diocese. This demands a move from the mode of maintenance to that of mission and requires a radical reorientation of activity, which informs the operation of the parishes, schools and teams within the diocesan Framework for Collaboration.

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, were put in place by the Bishop and the Trustees, followed by a Deed of Variation dated 7 April 2004. 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.

KEY MANAGEMENT PERSONNEL

As well as the Trustees, the key management personnel are considered to be the Episcopal Vicars for Vocation (Rev Canon Paul Townsend), Education (Rev Fr Jamie McGrath) and Evangelisation (Rev Fr Mark Hogan), the Oeconomus, the Secretary to the Trustees and the six Heads of Department. Of these, the three Episcopal Vicars, who are also Trustees, are also parish priests and are remunerated in the same way as all other priests of the Diocese in parish ministry. This is also true of the Secretary to the Trustees, the Head of the Department for Vocation and the Head of Department for Educational Chaplaincies. The Head of Department for Bishop's Care of the Clergy and the Head of Department for New Evangelisation are included in the Episcopal Vicars. The remuneration of the Oeconomus, the Diocesan Schools Commissioner and the Head of Department for Administration is fixed by reference to similar roles in other dioceses and comparable religious charities. This was reviewed in April 2015 and will be due for external review in April 2020.

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.

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The provision, maintenance and upkeep of schools, academies 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.

HISTORY AND ORGANISATION

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 91 (2015 88). 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. These parishes are grouped in 22 Pastoral Areas (2015 22), each under the moderation of a priest who is designated as the Co-ordinating Pastor. In 2014, the parishes and pastoral areas were organised into 8 deaneries under the oversight of eight deans. Both pastoral areas and deaneries exist the better to promote and co-ordinate pastoral activity at the service of the New Evangelisation across the Diocese. Since these pastoral areas and deaneries do not hold any temporal goods, their existence is not reflected in the presentation of these accounts.

The Charity is governed by the Trustees, with the Bishop as their chairman. The Trustees meet on a regular basis to further the mission of the Church in the Diocese, including attending to the financial, property, legal and administrative affairs of the Diocese. In accordance with Canon Law, a Diocesan Finance Council has been established. It consists of the same persons as are Trustees and meets at the same time as the Trustees.

On 1 September 2013, following the recommendations of a review group established by the Trustees in 2011, the new Diocesan structure became effective. The most important aspects of this structure, which are explained more fully below, are as follows:

- The Curia has been reorganised into a Framework for Collaboration, with three vicariates, that for Vocation, leading to that for Education, leading to that for Evangelisation, reflecting the threefold ministry of the Bishop who acts in the name of Our Lord Jesus Christ as priest, prophet and king
- Each Vicariate is headed by an Episcopal Vicar, who, together with the Vicars General, are the sole members of the Bishop's Council, all of whom have been appointed Trustees
- Each Vicariate has two departments, that for Vocation having those for Vocation and Clergy, that for Education having those for Schools and Educational Chaplaincies, and that for Evangelisation having those for Administration and New Evangelisation
- There are three Trustees' committees, corresponding to the three vicariates, each being chaired by the Episcopal Vicar for that vicariate
- The Living our Faith Committee, formerly the Living our Faith Impact Committee, operates according to the aims and objectives of the Living Our Faith campaign between 2008 and 2012
- The Priests Retirement Fund Management Board continues as before, as the management board of a separate charity, the Portsmouth Roman Catholic Diocese Priests Retirement Fund
- The Safeguarding Commission, the Chancery and the Tribunal continue to operate independently of the Curia as before
- The Portsmouth Bamenda Committee, which promotes solidarity with the Archdiocese of Bamenda, Cameroon, West Africa, reports to the Department for New Evangelisation.

The authority of each committee is set out under terms of reference constituted in accordance with clause 12.2 of the Trust Deed and renewed annually. At present the three principal committees are composed solely of Trustees although non-Trustees with relevant expertise and experience may be invited to join them in future. The other committees have both Trustee and non-Trustee members.

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The terms of reference of the three principal committees were renewed by the Trustees in September 2016. They are reviewed by the Trustees annually.

THE FRAMEWORK FOR COLLABORATION

The Bishop has named the Diocesan structure referred to under History and Organisation 'The Framework for Collaboration' (the 'Framework'). The name derives from the Bishop's vision, drawing on the work of the Catholic philosopher and theologian Bernard Lonergan, of a collaborative framework of small teams discussing and devising policies and sponsoring strategies, as opposed to the traditional model, drawn from business corporations, of hierarchal structures of authority. The Framework mirrors the threefold ministry of the Bishop who acts in the name of Our Lord Jesus Christ as Priest, Prophet and King. Practically this has led to three Vicariates within the Framework: Vocation, Education and Evangelisation. These Vicariates represent three dynamically interrelated strands of Christian discipleship: call, formation and mission. The Framework brings dynamism and direction to all diocesan activities. The call of Christ invites the disciple to formation in Christian doctrine, life and spirituality, and in turn sends him or her out on mission.

The Vicariate for Vocation has the Department for Vocation and that for Clergy. The Department for Vocation has two areas of work, that of Discipleship and Vocation and that of Liturgy. Within the former are teams for spiritual formation (including Called and Gifted), marriage and family life, ecclesial movements, pastoral workers, consecrated life, the diaconate and priestly vocations. Within the latter are liturgical formation and pilgrimage. The Department for Clergy is responsible for the Bishop's support of clergy and for chaplaincies, except educational chaplaincies, and includes pastoral care services and institutional, ethnic and ecclesial chaplaincies.

The Vicariate for Education comprises the office of the Episcopal Vicar for Education, responsible for serving the Bishop in his oversight of Diocesan schools and academies, and independent schools. It also has the Department for Educational Chaplaincies, responsible for school, academy and university chaplaincies, as well as youth chaplaincies and youth mission. Following the decision to convert all Diocesan voluntary aided schools into one of four regional Multi Academy Trusts ("MATs"), the school support functions of the Department for Schools were transferred to a new company, PODCAST Ltd, a company limited by guarantee under the ownership of the four MATs.

The Vicariate for Evangelisation is divided into the Department for Administration and that for New Evangelisation. The former deals with finance, personnel, IT, property, legal and professional advice, insurance and patrimony. The latter is responsible for new evangelisation, formation for mission, communications, Bamenda and dialogue & proclamation.

The overall objective of the six Departments is to fulfil the priorities which the Bishop has set for the Diocese, these being:

- Seek out and draw in the unbelieving and unchurched
- Develop a life-long discipleship, spiritual growth and a living relationship with Jesus Christ, above all in the Holy Eucharist
- Discern the gifts (charisms) and the vocations God has given to the Christian community
- Form and support existing and new extraordinary apostolates.

Each Department has its own direction and policy. Each Department has a number of teams, each consisting of up to 12 volunteers, lay, religious and ordained. Teams devise strategies and develop projects to fulfil their priorities, based on their Departmental priorities. Collectively, teams contribute to the overall objective of fulfilling the Diocesan priorities.

The Bishop has appointed two Vicars General and three Episcopal Vicars to assist him in the governance of the Diocese. They comprise his Bishop's Council. Each of the Episcopal Vicars is in charge of one of the three Vicariates mentioned above.

In the main the work of the Diocese is now conducted through these three Vicariates, Each Vicariate has its corresponding Trustee committee chaired by the relevant Episcopal Vicar. As mentioned above, there are also the three other committees, the Living Our Faith committee, the Portsmouth Bamenda Committee and the Safeguarding Commission. The Safeguarding Commission, the Chancery and the Tribunal function independently of the Curia. The authority of each committee is set out under terms of reference constituted in accordance with clause 12.2 of the Trust Deed and renewed annually. A brief description of the terms of reference of each committee is set out below.

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Another recommendation of the Review Group was that there should be a clear division between governance and management, with the Trustees setting the parameters and the Departments carrying out delegated executive responsibility. In part this recommendation is being implemented by the Trustees formulating policies and setting objectives, against which the Departments report at each Trustee meeting, with each Department also reporting to its Vicariate Committee.

TRUSTEE COMMITTEES

The Evangelisation Vicariate Committee

The Committee is responsible for

- formulating policies and setting objectives for all matters within the Vicariate's responsibility,
- scrutinising departmental budgets
- reviewing reports about those policies and objectives and
- providing oversight and taking decisions, on behalf of the Trustees, in relation to any matter within the Vicariate's responsibility or referred to it by the Trustees with the Bishop's approval.

The Committee comprises, first, one of the Vicars General and the Episcopal Vicar (the ex-officio members), who remain members while they hold those posts, secondly, three other Trustees, one clerical and two lay (they and the ex-officio members being the core members), and, thirdly, others, whether Trustees or not, those secondly and thirdly mentioned being appointed by the Trustees with the Bishop's approval and holding office for a maximum of two terms of five years each.

The Trustees reserve to themselves major policy decisions, major expenditure decisions and major contractual decisions.

The Committee may appoint teams, to carry out specific tasks, and is to establish a panel, comprising the Moderator of the Curia, the Episcopal Vicar for Evangelisation and the Financial Secretary. The Committee may authorise any capital expenditure up to £250,000 and the panel up to £50,000. The Committee is currently appointing an Audit and Compliance team to undertake the initial delegated scrutiny of matters relating to financial management and legal compliance.

The Committee must meet at least five times a year. Two core members, one of whom must be an ex-officio member, constitute a quorum. No resolution can be passed without a vote in favour from one of the ex-officio members. The minutes of each meeting must be produced to the Secretary to the Trustees within 14 days after the meeting.

The Education Vicariate Committee

The terms of reference of the Education Committee are similar to those of the Evangelisation Committee save as follows:

- The responsibilities of the Committee relate to the Vicariate for Education, not the Vicariate for Evangelisation
- The Committee includes both the Vicars General, and the Episcopal Vicar for Education in place of that for Evangelisation.

The Vocations Vicariate Committee

The terms of reference of the Vocations Committee are similar to those of the Evangelisation Committee save as follows:

- The responsibilities of the Committee relate to the Vicariate for Vocations, not the Vicariate for Evangelisation
- The Committee includes the Episcopal Vicar for Vocation in place of that for Evangelisation
- The Committee provides Trustee oversight of matters relating to Clergy, Clergy formation, their welfare and other aspects of priestly life, be they retired or still in active Ministry

The Portsmouth Bamenda Committee

The Committee is to promote in the Diocese knowledge of and solidarity with the people of the Archdiocese of Bamenda, approve grants to projects that provide assistance to the Archdiocese, and raise funds through the annual Bamenda collection and other campaigns at a more local level.

The Committee is to comprise one of the Trustees, and others appointed by the Trustees with the Bishop's approval.

Grants are to be made in accordance with an annual budget approved by the Committee. Any grant exceeding £25,000 must be approved by the Episcopal Vicar for Evangelisation. No grant may be made if the effect of making that grant, and all other approved but unpaid grants would reduce the Bamenda fund below £50,000.

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The Committee must meet at least four times a year. The quorum for a meeting is the chairman, the Trustee member and three other members. No resolution can be passed without a vote in favour from the Trustee member. If required by the Trustees, the minutes of each meeting must be produced to the Trustees.

The Living our Faith Committee

This Committee is 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 Campaign.

The Committee comprises, first, three Trustees (the core members), and, secondly, others, whether Trustees or not, all being appointed by the Trustees with the Bishop's approval, all of whom hold office for a maximum of two terms of five years each.

The Trustees reserve to themselves major policy decisions, major expenditure decisions and major contractual decisions.

The Committee may authorise grants and loans of up to £250,000.

The Committee must meet at least four times a year. Two core members constitute a quorum. No resolution can be passed without a vote in favour from one of the core members. The minutes of each meeting must be produced to the Secretary to the Trustees within 14 days after the meeting.

The Safeguarding Commission

The Commission is to fulfil the functions outlined in the guidelines adopted by the Catholic Safeguarding Advisory Service (the National Guidelines). Its members are to be appointed by the Trustees with the Bishop's approval and their composition is to be in accordance with the National Guidelines.

TRUSTEE INDUCTION AND TRAINING

New Trustees are appointed either by the Bishop or by resolution of the Trustees with the approval of the Bishop and are provided with induction training prior to or following their appointment. The key points of the Trustee Induction and Training policy are:

- The Trustees will comprise, first, the Bishop, secondly, the Bishop's Trustees, that is to say, the Vicars General and the Episcopal Vicars for the time being, and, thirdly, Ordinary Trustees, others who are clergy or laity
- When an Ordinary Trustee is to be appointed, the Trustees must carry out a skills audit and must consider what methods of search for new Ordinary Trustees may be appropriate, having regard to the need to ensure inclusivity, diversity and transparency among the Trustees
- A subcommittee will obtain CVs, conduct interviews and make recommendations to the Trustees
- The Bishop is appointed at the first Trustees' meeting after his ordination. Vicars General and Episcopal Vicars are appointed under Canon law and are then appointed by the Bishop as the Bishop's Trustees for so long as they remain Vicars General or Episcopal Vicars. Normally Ordinary Trustees are appointed by the Trustees.
- One fifth of the Ordinary Trustees must retire each year. An Ordinary Trustee may be reappointed but normally an Ordinary Trustee should not hold office for more than 10 years.

The programme for Trustee training.

- Induction training as mentioned above
- General refresher training at no more than two yearly intervals.
- Mandatory training on five specific topics
- Regular training sessions of 1½ hours twice yearly on topics suggested by the three principal committees

Trustees continue with regular semi annual training organised through the retained lawyers.

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AIMS, ACTIVITIES AND ACHIEVEMENTS

Throughout the year the Diocese has continued its work as a diocese in accordance with its charitable objects in the following areas:

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

On 17th May 2016 a fire caused the destruction of the roof of Church of St Thomas More, Hartley Wintney. Water and smoke damage rendered the church completely unusable. The fire was due to accidental causes. The Catholic National Mutual Ltd, the Diocesan insurers, accepted that the loss fell within the terms of the Diocesan property insurance policy and have funded the reconstruction and refurbishment of the Church, at a cost of £203,978. The Church re-opened for public worship on 9th April 2017. The Church will be Solemnly Dedicated on 20th June 2017.

St Joseph's Church, Basingstoke suffered a fire due to arson on 27th July 2016. The culprits have been arrested by Hampshire Constabulary. The fire led to serious smoke damage and damage to the lower part of the roof. The Diocesan insurers have accepted liability and work to repair the church is currently underway but the Church has been brought back into use.

The Trustees are still negotiating for the sale of Allington Lane, Fair Oak, Eastleigh site in St Swithun Wells parish for up to 72 residential dwellings, with Linden Homes Ltd.

Planning permission is still being sought for the development of the former church sites at Sutton Courtney and Ventnor, with a view to sales.

On 11th January 2016 the Trustees completed the sale of the Good Shepherd Hall, Kennington.

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 around 35,809 (2015 35,200) people and 259 persons over the age of seven (2015 250) were baptised or otherwise received into full communion with the Church. There were also over 175 adults under instruction. There were 2,163 baptisms of persons under the age of seven (2015 2,156) and 860 confirmations (2015 860).

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

Three men commenced studies for the priesthood in September 2016, bringing the total to 12, in four seminaries, with a further six applicants due to begin formation in September 2017. Two men were ordained to the priesthood in the summer and autumn of 2016 and a further two men are due for ordination to the priesthood within the next 12 months.

Following the ordination of two permanent deacon in July 2016 there are now 11 men in formation for the permanent diaconate, five having begun their studies in September 2016. There are currently four prospective candidates.

The teams for Priestly Vocations and the Diaconate are actively pursuing strategies for the promotion of vocations. That for the Diaconate is also developing plans for the continuing formation of deacons and the welfare of deacons and their wives. The Department for Clergy is busy supporting active priests and those in retirement, including induction and formation for newly ordained priests; a junior clergy group has just been formed.

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.

Based on the most recent annual census of 2016, 24,205 (2015 23,750) pupils attend Voluntary Aided Catholic schools and Catholic Academies within the Diocese, and a further 6,811 (2015 6,808) attend independent Catholic schools. 58% of the pupils in these schools and academies are baptised Catholics.

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In 2014/2015 the Trustees reviewed their policy on academy conversion which up until that time had been neutral, and adopted a more strategic approach. They agreed that all voluntary aided schools across the Diocese should convert to academies within Multi Academy Trusts (MATs). Furthermore, at their meeting on 11 December 2014, the Trustees resolved that substantially all Diocesan schools should aim to become academies by the end of 2018. To date nine schools have converted. Seven are Diocesan schools, one is in joint trusteeship and another in a religious order. These academies are at present grouped into seven MATs although four MATs across the Diocese are planned in the longer term.

At their meeting on 10 December 2015, the Trustees approved an academies conversion project plan, which provided for the conversion of all Catholic VA schools in the Diocese into the Multi Academy Trusts. This will be carried out in phases, starting in October 2016, with a view to the conversion process having been substantially completed by the end of 2018. In furtherance of this plan, the Bishop issued a directive to all foundation governors appointed by him to serve on the governing bodies of 38 voluntary aided schools to vote in favour of conversion into designated MATs by specified dates. To date, 33 of these governing bodies have now so resolved and discussions concerning appropriate dates for conversion having regard to school-specific issues are ongoing. The Bishop has commissioned – jointly with the Anglican Bishop of Portsmouth – a study into the feasibility of establishing a joint Catholic-Anglican MAT for church schools on the Isle of Wight. The feasibility study is due to report towards the end of September 2017. In view of this study, no directive was issued to those schools on the Isle of Wight.

The move to the provision of publicly-funded Catholic education through Multi Academy Trusts has led to the reorganisation of the provision of diocesan services to schools. The reorganisation of the responsibilities of Department for Schools into the Office of the Diocesan Schools Commissioner/Professional Adviser to the Episcopal Vicar for Education, within the Framework for Collaboration and the Catholic Academy and Schools Office under PODCAST Ltd was approved by the Trustees in September 2016. Upon the closing of the Department for Schools, the acting-Director for Schools retired and a Diocesan Schools Commissioner was recruited.

The Department for Educational Chaplaincies is supporting the five university chaplaincies at Portsmouth, Reading, Bournemouth, Southampton and Southampton Solent, and the various youth ministers throughout the Diocese. 35 young people from the Diocese attended Youth 2000 at Walsingham and 106 young people attended World Youth Day in Krakow, Poland together with the Bishop, in summer 2016.

General charitable objectives:

The majority of the Framework Teams now contain volunteers. Team leaders have worked flexibly within the structure which has meant that some teams (e.g. those within the chaplaincy sub-department) are meeting as one large group rather than as several small teams.

In the Department for Vocation the teams for spiritual formation, (including Called and Gifted), marriage and family life, the diaconate, and priestly vocations are meeting regularly. The Liturgy team is being re-formed by the Bishop. In the Department for New Evangelisation, within the Vicariate for New Evangelisation, many of the teams within New Evangelisation, Formation for Mission, Communications, Bamenda and Dialogue & Proclamation are meeting regularly and are carrying out projects. Some of the more important developments are summarised below.

The Diocese was able to recruit a Director for Caritas Diocese of Portsmouth, whose primary responsibility is to assist the Bishop in the promotion, co-ordination and oversight of all social action undertaken under the auspices of the parishes and other entities of the Diocese.

Whilst the NFP/NAPRO project was unable to proceed due to the unavailability of the medical personnel, the Diocese was able to recruit a Marriage and Family Life co-ordinator.

In June 2014 the Bishop issued a new policy document *Developing Pastoral Areas in the Light of the New Evangelisation*, the fruit of the Pastoral Area Review of the preceding months. The aim of the policy is, first, to clarify the relationship between Pastoral Areas (PAs) and parishes and, secondly to group the PAs into Deaneries or Regional Pastoral Areas (RPAs) for the strategic planning needed for the New Evangelisation. The Diocesan PAs have been grouped into eight RPAs or Deaneries.

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A programme of administrative support visits was started at Easter 2012. The programme aims to help parishes provide a consistent approach to all administrative activities including accounting, gift aid, personnel and the care and maintenance of buildings. A third of the parishes have now been visited, with very few significant issues identified. The positive feedback received from the parishes has rated this programme of reviews very highly, with 94 percent rating the reviews as excellent.

Baseline Health and Safety assessments were commenced during 2016. These assessments were conducted in conjunction with Ellis Whittam, a Health and Safety consultancy recommended by the Diocesan insurers. At the date of this report, 35 parishes have completed their assessments and such remedial works as have been identified are underway.

LOOKING FORWARD

Significant progress continues to be made in realising the Bishop's vision of transforming the Diocese into an evangelising diocese, with a missionary-minded approach or one of evangelistic Catholicism, as is explained at the start of this report.

In turn, the Called and Gifted process, which has been, and continues to be, rolled out throughout the Diocese, has the aim of enabling the laity to discover their charisms (gifts) and to put them to use in evangelising the society in which they live by, for example, taking part in the missionary projects devised by their local EST.

In the summer of 2016, the Diocese was approached by the Whitehill and Bordon Regeneration Partnership with a view to the acquisition by them of the site of Sacred Heart, Bordon in exchange for the construction of a Church and related clergy-accommodation in a central position in the planned centre of the newly redeveloped town of Bordon. The Bishop and his Council, having recognised the potential for New Evangelisation which enhanced facilities at the heart of the new development would offer, the Diocese continues to negotiate with the Regeneration Partnership with a view to agreeing Heads of Terms which will permit the project to proceed.

The Diocesan Operating Procedures (DOPs) are being reviewed as part of the Department for Administration's three year plan.

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 £13,154,691 (2015 £13,109,259)

The Trustees have dedicated these funds under four separate headings:

Clergy training and support £2,926,285 (2015 £2,912,803)
Parish and pastoral area lay formation £2,926,285 (2015 £2,912,803)
Renewing facilities £1,463,142 (2015 £1,456,401)
Parish local funds £5,838,979 (2015 £5,827,252)

At the date of the report £12,933,293 (2015 £12,722,706) has been received, allocated between the funds as follows:

Clergy training and support £2,871,160 (2015 £2,828,872)
Parish and pastoral area lay formation £2,871,160 (2015 £2,828,872)
Renewing facilities £1,435,580 (2015 £1,414,436)
Parish local funds £5,755,393 (2015 £5,650,525)

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

Clergy support £737,116 (2015 £511,168)
Parish and pastoral area lay formation £1,656,105 (2015 £1,416,152)
Renewing facilities £737,827 (2015 £471,927)
Parish local funds £4,301,202 (2015 £3,992,146)

The Trustees expect to make 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.

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In 2014 the Trustees approved a proposal for the instigation of a follow-up campaign to the Living our Faith campaign, called Our Parishes' Future, its purpose being to seek continued financial support from existing donors and support from those who have not yet given. 63 parishes took part, resulting in a projected increased parish offertory in those parishes of £9.03m over five years, equivalent to an average annual increase in each parish of 50%.

FINANCIAL REVIEW

The Statement of Financial Activities is in the main summary of the financial activities of the Charity for the period. This shows a decrease in funds of £1,675,261 (2015 £1,257,619) on normal activities, with an increase in investment funds of £379,553 (2015 £1,073,538). The investment properties were formally revalued at 31st August 2010. Included in income are legacies to the value of £363,301 compared to £294,620 in 2015.

Devolved Formula Capital funds continued to be transferred to the Diocese, to be held on behalf of the voluntary aided diocesan schools. At the period end, a total of £1,680,178 (2015 £1,666,908) was held for those schools.

Improving and maintaining the properties owned by the Charity is a major priority, with a total of £2,838,280 (2015 £2,533,478) spent on repairs and a further £503,037 (2015 £1,175,959) spent on capital projects during the period. £540,599 was received from the disposal of surplus land and buildings in the period (2015 £357,882).

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 which deal with vocation and clergy, schools and educational chaplaincies, and administration and new evangelisation. 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 £689,561 (2015 £705,999). 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 volunteers 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. As explained above the Framework for Collaboration depends on the participation of volunteers in each Department's teams, and in every parish volunteers provide help with both the parish's own needs and with its outreach to the local area.

DIOCESAN SCHOOL PROPERTIES

The Charity is the legal owner of 51 properties used as part of the sites occupied by 51 of the 48 (2014 48) voluntary aided Catholic schools and 6 (2014 6) Catholic Academies within the Diocese. These schools are "exempt" charities in their own right, and following the implementation of Charities Act 2006, now the Charities Act 2011, are now "excepted" and 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 Evangelisation Committee, which meets periodically to monitor investments and

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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.

At their meeting on 13 February 2014 the Trustees resolved that for the next five years the Charity's investment portfolio should be managed as to 50% by Charles Stanley and Co and 50% by C. Hoare and Company. In March 2017, C. Hoare and Company sold their investment management business to Schroders Cazenove. The investment management team of Hoare's moved to Schroders Cazenove. At their meeting on 6th April 2017, the Trustees resolved to accept that they should move the management of the portfolio previously managed by Hoare's to Schroders Cazenove.

The fund comprises an investment portfolio which is managed by the diocesan investment managers. The performance of the investment portfolios is measured against a benchmark of CPI plus 4%. From inception in June 2015 the portfolio managed by Charles Stanley showed a return of 16.0% to May 2017 (benchmark 10.3%), and the portfolio managed by Hoare's/Cazenove showed a return of 16.2% to March 2017 (benchmark 9.2%).

RESERVES POLICY AND ASSET COVER FOR FUNDS

As at 31 August 2016, Curial reserves amounted to £6,972,192 with a deficit of £974,441 on those funds free from any restrictions or designations. This is a decrease of £643,854 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' terms of designation of the principal designated funds are of sufficient breadth to provide support for a wide range of 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 and as explained below have adopted measures to eliminate the deficit over the next few years.

There are other amounts totalling around £7.9m, 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 principal funds in these categories are: the Living Our Faith fund which was established to meet specific Diocesan and parish needs and which will be largely spent within the next five years, the Education Fund which is being used to meet part of the costs of conversion of the Diocese's Voluntary Aided schools to Academies, and the Clergy Training Fund which is making possible the training of the increased number of men studying for the priesthood.

The funds within parishes total around £58.8m, of which £38.0m is represented by the value of churches and other functional properties. This is a decrease of around £0.5m for the year. These funds are held for the purposes of the activities of individual parishes, and designated for that use, taking into account the costs involved in maintaining their buildings in good condition.

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 Evangelisation 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 adopted a risk assessment report identifying the risks to which the Diocese is exposed, the likelihood of their occurrence, their effect and the action to control them at their meeting on 30th April 2016.

Three risks assessed as being high concern and the plans and strategies that are in place to manage them include:

Central budget – inflation exceeds the increase in levy. A five year budget process has been adopted with a policy to seek to run a surplus of £300k per annum from 2017/18 and it is noted that, as a result of the Our Parish's Future campaign, the increase in parish levy significantly exceeds inflation.

Clergy – diminishing numbers. The encouragement of vocations has resulted in there now being twelve men studying for the priesthood, and there has been an increasing willingness of religious Congregations and overseas Dioceses to assist. Six men are due to begin formation for the priesthood in September 2017, and four for the diaconate.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

Laity – diminishing Mass attendance. New strategies for evangelisation have been adopted to realise the Bishop's vision of transforming the Diocese into an evangelising diocese with a missionary minded approach. The Trustees have noted that Mass attendance has stabilised over the last ten years masking significant demographic change due to inward migration.

CONNECTED CHARITY

A connected charity is identified in Note 15.

PUBLIC BENEFIT

The Diocese is governed in accordance with the requirements of Christian belief as found in Sacred Scripture and Catholic Tradition. In preparing this report, the Trustees have had regard to the Charity Commission's guidance on public benefit and are cognisant of the requirement to demonstrate that the Charity provides such a public benefit through the fulfilment of its objectives.

All Trustees have received training on the public benefit requirement as set out in the Charity Commission's guidance on public benefit.

The Trustees believe that in the provision of places of worship, community activity and education, in the holding of services of public worship, in raising awareness and understanding of Catholic religious beliefs and practices, in the carrying out of pastoral work in parishes, schools, hospitals, prisons and universities and in the support of the Catholic Church in the Diocese of Bamenda in the Cameroon, the Charity meets this requirement and also fulfils its Gospel duty. The Trustees believe that the work of the Diocese benefits the public by bringing meaning to people's lives, by providing opportunities to strengthen their relationship with God, by providing a moral and ethical framework within which to lead their lives and by promoting community and social cohesion through its pastoral work.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The purpose of this statement is to distinguish the Trustees' responsibilities for the accounts from those of the auditors as stated in their report. The Charities Act 2011 requires the Trustees to prepare for each financial period financial statements which give a true and fair view of the Charity's financial activities during the period and of its financial position at the period end. In preparing the financial statements the Trustees are required to:

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

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

Approved by the Board of Trustees on 21st June 2017 and signed on its behalf by:

Rt. Rev Philip Egan (Trustee)

Rev Canon Dominic Golding (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 2016, 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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 12, the Trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditors 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its net movement on funds, 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.

**26 Red Lion Square
London
WC1R 4AG**

**haysmacintyre
Chartered Accountants
Registered Auditors**

21st June 2017

haysmacintyre are eligible to act as auditors in terms of section 1212 of the Companies Act 2006

PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted Funds		Restricted Funds	Total 2016	2015
	Notes	Curial £	Parochial £	£	£	£
Income from:						
Donations and legacies						
Donations and Offertories		90,837	9,407,866	827,809	10,326,512	10,260,844
Legacies		174,433	176,562	12,306	363,301	294,620
Other		474,317	226,627	96,441	797,385	742,257
Other trading activities:						
Rent – miscellaneous lettings		-	1,366,751	12,264	1,379,015	1,241,936
Income of trading subsidiaries	16	-	278,737	-	278,737	290,328
Investment income						
Investment income and interest receivable	1	79,863	83,319	88,179	251,361	353,571
Rent – investment properties		12,000	575,052	-	587,052	605,279
Other incoming resources:						
Insurance Claims		-	57,607	-	57,607	48,052
Gain on disposal of tangible fixed assets		-	485,500	-	485,500	357,882
Total income		<u>831,450</u>	<u>12,658,021</u>	<u>1,036,999</u>	<u>14,526,470</u>	<u>14,194,769</u>
Expenditure on						
Raising funds						
Expenses of trading subsidiaries		-	271,997	-	271,997	296,918
Finance costs		70,030	-	-	70,030	60,470
“Living Our Faith”/“Our Parish’s Future”		473,253	-	-	473,253	717,131
Appeal Costs						
Charitable activities						
Activities in furtherance of the Roman Catholic Faith		3,875,229	10,418,153	1,093,069	15,386,451	14,377,869
Total expenditure	2 & 3	<u>4,418,512</u>	<u>10,690,150</u>	<u>1,093,069</u>	<u>16,201,731</u>	<u>15,452,388</u>
Net (Outgoing)/Incoming Resources before transfers						
Realised and Unrealised Gains on investments		(3,587,062)	1,967,871	(56,070)	(1,675,261)	(1,257,619)
		<u>154,494</u>	<u>(126,960)</u>	<u>352,019</u>	<u>379,553</u>	<u>1,073,538</u>
Net income/(expenditure)		<u>(3,432,568)</u>	<u>1,840,911</u>	<u>295,949</u>	<u>(1,295,708)</u>	<u>(184,081)</u>
Transfers between Funds		170,144	170,798	(340,942)	-	-
Transfers - Schools Building Fund Levy		-	-	-	-	-
Transfers - Diocesan Levy		1,828,752	(1,828,752)	-	-	-
Net movement on funds		<u>(1,433,672)</u>	<u>182,957</u>	<u>(44,993)</u>	<u>(1,295,708)</u>	<u>(184,081)</u>
Reconciliation of funds						
Fund balances brought forward		6,272,322	56,720,784	4,049,550	67,042,656	67,226,737
Fund balances carried forward		<u>£4,838,650</u>	<u>£56,903,741</u>	<u>£4,004,557</u>	<u>£65,746,948</u>	<u>£67,042,656</u>

The statement of financial activities includes all gains and losses in the period. All operations are continuing and there are no discontinued operations in either year. The comparative year’s Statement of Financial Activities is included in note 18.

THE PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	Curial Funds £	Parochial Funds £	Year ended 31 August 2016 £	Year ended 31 August 2015 £
Fixed Assets					
Tangible assets	5	1,549,722	38,583,959	40,133,681	40,448,335
Investments	6	6,527,510	15,137,256	21,664,766	22,591,560
		<u>8,077,232</u>	<u>53,721,215</u>	<u>61,798,447</u>	<u>63,039,895</u>
Debtors: due after more than one year	7	<u>554,477</u>	<u>-</u>	<u>554,477</u>	<u>-</u>
Current Assets					
Investments	6	551,021	2,448,979	3,000,000	3,500,000
Debtors and prepayments	7	1,296,794	144,012	1,440,806	1,412,210
Cash at bank and in hand		826,300	1,648,658	2,474,958	2,090,412
		<u>2,674,115</u>	<u>4,241,649</u>	<u>6,915,764</u>	<u>7,002,622</u>
Creditors: due within one year	8	<u>(2,658,634)</u>	<u>(355,401)</u>	<u>(3,014,035)</u>	<u>(2,999,861)</u>
Net Current (Liabilities)/Assets		<u>15,481</u>	<u>3,886,248</u>	<u>3,901,729</u>	<u>4,002,761</u>
Creditors: due after more than one year	8	<u>(507,705)</u>	<u>-</u>	<u>(507,705)</u>	<u>-</u>
Parish Loan Accounts					
Due from parishes		6,591,455	(6,591,455)	-	-
Due to parishes		(7,758,748)	7,758,748	-	-
		<u>(1,167,293)</u>	<u>1,167,293</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>£6,972,192</u>	<u>£58,774,756</u>	<u>£65,746,948</u>	<u>£67,042,656</u>
Unrestricted Funds					
General Funds		(974,441)	-	(974,441)	(330,587)
Designated Funds	11	5,813,091	56,903,741	62,716,832	63,323,693
		<u>4,838,650</u>	<u>56,903,741</u>	<u>61,742,391</u>	<u>62,993,106</u>
Restricted Funds	10	2,096,656	1,145,190	3,241,846	3,298,964
Permanent Endowment Funds	9	36,886	725,825	762,711	750,586
RESERVES		<u>£6,972,192</u>	<u>£58,774,756</u>	<u>£65,746,948</u>	<u>£67,042,656</u>

Approved by the Trustees on 21st June 2017 and signed on their behalf by:

Rt Rev Philip Egan

Rev Dominic Golding

(Trustee)

(Trustee)

The notes form part of these accounts.

THE PORTSMOUTH DIOCESAN TRUST**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2016**

	2016	2015
	£	£
Reconciliation of Net Incoming Resources to Cash Inflow from Operating Activities		
Changes in resources before revaluations	(1,675,261)	(1,257,619)
Returns on investment	(251,361)	(353,596)
Depreciation	801,810	796,172
Gain on disposal of Tangible Fixed Assets	(485,500)	(357,882)
Decrease/(increase) in debtors	(583,073)	1,098,799
Increase in creditors	521,879	190,360
	<u>£(1,671,506)</u>	<u>£116,234</u>
Net cash inflow from operating activities	(1,671,506)	116,234
Cash flows from investing activities		
Returns on investment	251,361	353,596
Payments to acquire tangible fixed assets	(542,253)	(1,213,979)
Receipts from sales of tangible fixed assets	540,599	504,673
Payments to acquire investments	(3,700,774)	(12,678,636)
Receipts from sales of investments	5,507,119	12,353,623
	<u>384,546</u>	<u>(564,489)</u>
Change in cash and cash equivalents in the year	384,546	(564,489)
Cash and cash equivalents at the beginning of the year	2,090,412	2,654,901
	<u>£2,474,958</u>	<u>£2,090,412</u>

THE PORTSMOUTH DIOCESAN TRUST

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2016

The financial statements have been prepared in accordance with all statutory requirements and with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) (Effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). 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. Figures are presented in sterling and rounded to the nearest pound.

The Portsmouth Diocesan Trust meets the definition of a public benefit entity under FRS102.

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.

b) General information

The Charity is registered in England and Wales (Charity Number 246871). Its registered office is St Edmund House, Bishop Crispian Way, Portsmouth, PO1 3QA.

c) Preparation of accounts on a going concern basis

Having considered future budgets and cash flows, the trustees confirm that they have no material uncertainties about the entity's ability to continue as a going concern for the foreseeable.

d) Legacies, Donations and Grants

Legacies and donations are recognised when receivable or when the Diocese becomes legally entitled to them and receipt is probable 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.

e) Investment Income

Investment income is accounted for as it accrues.

f) 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.

g) Expenditure

Costs of raising funds comprise those costs associated with attracting voluntary income and the management of the Charity's investments.

Costs of charitable activities consist of all expenditure directly relating to the objects of the Charity. Support costs which cannot be directly allocated are apportioned between charitable activities and governance costs on the basis of the Trustee's estimate of the time spent on the relevant functions.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Governance costs include expenditure on management and compliance with constitutional and statutory requirements together with an allocation of support costs.

Irrecoverable VAT is included with the category of expenses to which it relates.

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.

THE PORTSMOUTH DIOCESAN TRUST

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2016

i) **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.

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
Leasehold property	50 years or, if less, the term of the lease
Furniture and equipment	5 to 20 years

j) **Significant judgements**

In preparing these financial statements the trustees have had to make estimates and assumptions that affect the amounts recognised in these financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Key areas subject to judgement and estimation are as follows:

Fixed asset depreciation. Judgement is applied when assigning anticipated average lives to the fixed assets of the charity

k) **Pensions**

All eligible staff may join a personal pension scheme of their choice to which the Diocese makes a matching contribution of up to five per cent of salary. As a defined contribution scheme, no liability falls upon the Diocese, as employer, to make good a shortfall of funding other than contributions due.

THE PORTSMOUTH DIOCESAN TRUST

STATEMENT OF ACCOUNTING POLICIES (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

l) Financial instruments

The Diocese only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in stocks and shares. The measurement basis used for these financial instruments is detailed below.

Investments

Investments are valued at fair value on the balance sheet date. Investment properties are stated at a Trustees' valuation, as advised by a qualified Chartered Surveyor. 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.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in stocks and shares. The measurement basis used for these financial instruments is detailed below

m) 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.

n) 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.

o) 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).

p) Transition to FRS102

FRS102 has been adopted for the first time when preparing these financial statements. The transition date to FRS 102 was 1 September 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 August 2015. The transition had no impact on reserves at the transition date nor on the net movement in funds for the year ended 31 August 2015.

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

1. INVESTMENT INCOME AND INTEREST RECEIVABLE					Year ended 31 August 2016 £	Year ended 31 August 2015 £
Arising on quoted investments					249,903	347,325
Bank interest					1,458	6,246
					<u>£251,361</u>	<u>£353,571</u>
2. CHARITABLE EXPENDITURE					Year ended 31 August 2016 £	Year ended 31 August 2015 £
	General Funds £	Designated Funds £	Restricted Funds £	Parochial Funds £		
Activities in the furtherance of the Roman Catholic Church						
Curial and Diocesan	1,950,807	-	-	-	1,950,807	1,874,350
Clergy training	152,784	224,640	-	-	377,424	276,343
Educational purposes	-	157,278	348,933	-	506,211	432,112
Social purposes	-	386,990	156,389	-	543,379	413,731
Risk management	-	-	-	-	-	-
Parochial expenses	14,280	185,487	587,747	10,418,153	11,205,667	10,523,861
Administration Support costs:						
Personnel	433,381	-	-	-	433,381	441,215
Premises	52,318	-	-	-	52,318	51,606
Office expenses	67,883	-	-	-	67,883	60,772
Other expenses	37,382	-	-	-	37,382	54,071
Governance costs:						
Finance and Property department	75,625	-	-	-	75,625	81,569
Audit	55,180	-	-	-	55,180	58,910
Legal	81,194	-	-	-	81,194	53,392
Curial & Governance Review	-	-	-	-	-	55,937
Costs of generating Funds						
Subsidiaries	-	-	-	271,997	271,997	296,918
Finance costs	70,030	-	-	-	70,030	60,470
“Living Our Faith”/“Our Parish’s Future” Appeal Costs	473,253	-	-	-	473,253	717,131
	<u>£3,464,117</u>	<u>£954,395</u>	<u>£1,093,069</u>	<u>£10,690,150</u>	<u>£16,201,731</u>	<u>£15,452,388</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

3. RESOURCES EXPENDED	Personnel (incl. Clergy) £	Property £	Depreciation £	Other £	Total £
Analysis of costs					
Costs of generating funds	105,156	-	3,326	706,798	815,280
Charitable expenditure	4,661,152	2,367,313	798,484	7,347,503	15,174,452
Governance costs	39,601	-	-	172,398	211,999
	<u>£4,805,909</u>	<u>£2,367,313</u>	<u>£801,810</u>	<u>£8,226,699</u>	<u>£16,201,731</u>

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

	2016 £	2015 £
Governance costs include		
Auditors remuneration – Audit (including VAT)	<u>£45,870</u>	<u>£41,700</u>

4. STAFF	Year ended 31 August 2016 £	Year ended 31 August 2015 £
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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	3,002,225	2,782,680
Social security	177,423	171,794
Pension costs	32,863	30,277
Redundancy costs	-	-
	<u>£3,212,511</u>	<u>£2,984,751</u>

Monthly Average Number of Employees:

	No	No
Departments	42	41
Parishes	231	228
	<u>273</u>	<u>269</u>

Employees with emoluments greater than £60,000:

	2016	2015
£70,000 - £80,000	1	1

Key management personnel received salary, benefits and pension contributions of £153,239 (2015: £148,642) during the year.

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

5. TANGIBLE FIXED ASSETS	Freehold Buildings £	Leasehold Buildings £	Furniture & Equipment £	Total £
COST OR VALUATION				
At 1 September 2015	47,888,693	168,990	2,582,598	50,640,281
Additions	143,036	360,001	39,216	542,253
Disposals	(69,876)	-	(9,199)	(79,075)
Transfers to Investments	-	-	-	-
At 31 August 2016	<u>47,961,853</u>	<u>528,991</u>	<u>2,612,615</u>	<u>51,103,459</u>
DEPRECIATION				
At 1 September 2015	8,114,021	13,941	2,063,984	10,191,946
Charge for the period	744,415	1,690	55,705	801,810
On disposals	(14,779)	-	(9,199)	(23,978)
Transfers to Investments	-	-	-	-
At 31 August 2016	<u>8,843,657</u>	<u>15,631</u>	<u>2,110,490</u>	<u>10,969,778</u>
NET BOOK VALUE				
At 31 August 2016	<u>£39,118,196</u>	<u>£513,360</u>	<u>£502,125</u>	<u>£40,133,681</u>
At 31 August 2015	<u>£39,774,672</u>	<u>£155,049</u>	<u>£518,614</u>	<u>£40,448,335</u>

At 31 December 2016 the Charity had future minimum lease payments under non-cancellable operating leases as follows:

Land and Buildings	2016 £	2015 £
Not later than 1 year	25,000	-
Later than 1 year and not later than 5 years	100,000	-
Later than 5 years	125,000	-
Total	250,000	-

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 £
Fixed Assets			
Market value at 1 September 2015	12,913,781	9,677,779	22,591,560
Additions	19,104	3,635,953	3,655,057
Disposals	(818,861)	(4,688,258)	(5,507,119)
Transfer from Tangible Fixed Assets	-	-	-
Revaluation gains	(11,136)	936,404	925,268
Market value at 31 August 2016	<u>£12,102,888</u>	<u>£9,561,878</u>	<u>£21,664,766</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

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.

6. INVESTMENTS (Continued)

Current Assets

	Investment Properties £	Total £
Market value at 1 September 2015	3,500,000	3,500,000
Additions	45,717	45,717
Revaluation losses	(545,717)	(545,717)
	<u>£3,000,000</u>	<u>£3,000,000</u>

7. DEBTORS

Due after more than one year

School and other loans	£554,477	£-
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Due within one year

School and other loans	745,617	826,656
Legacies Receivable	-	-
Other debtors and prepayments	695,189	585,554
	<u>£1,440,806</u>	<u>£1,412,210</u>

8. CREDITORS

Due after more than two years

School and other loans	£423,421	£-
------------------------	----------	----

Due between one and two years

School and other loans	£84,284	£-
------------------------	---------	----

Due within one year

School and other loans	2,002,434	2,045,481
PAYE	50,385	44,467
Other creditors and accruals	961,216	909,913
	<u>£3,014,035</u>	<u>£2,999,861</u>

9. PERMANENT ENDOWMENT FUNDS

	Balance at 1 September 2015 £	Net Incoming/ (Outgoing) Resources £	Movement On Investments £	Balance at 31 August 2016 £
Parochial Funds				
Properties	397,493	(5,279)	-	392,214
Other	115,693	-	10,490	126,183
St Mary's Mission	203,639	-	3,789	207,428
	<u>716,825</u>	<u>(5,279)</u>	<u>14,279</u>	<u>725,825</u>
Curial Funds	33,761	-	3,125	36,886
	<u>£750,586</u>	<u>£(5,279)</u>	<u>£17,404</u>	<u>£762,711</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

10. RESTRICTED FUNDS	Balance at 1 September 2015	Incoming Resources	Resources Expended	Transfers	Movement On Investments	Balance at 31 August 2016
	£	£	£	£	£	£
CURIAL						
Social Welfare	106,212	7,063	-	-	15,053	128,328
Clergy Training	991,018	104,153	-	(330,743)	153,789	918,217
Bamenda Fund	117,353	61,886	(86,071)	-	9,786	102,954
Clergy Assistance	3,259	44,020	-	(38,497)	27,927	36,709
Lourdes Fund	136,894	9,812	(7,759)	-	11,850	150,797
Youth Funds	900	1,548	(500)	-	-	1,948
Vicariate Triple Trust	82,003	1,807	(20,525)	-	6,276	69,561
Edmund Rice Fund	269,776	6,432	(7,300)	-	22,337	291,245
School Building Fund	408,158	272,839	(309,500)	-	-	371,497
Other Restricted Funds	19,341	3,350	(4,206)	-	1,129	19,614
Diocesan Caritas	50,000	21,892	(66,106)	-	-	5,786
	<u>2,184,914</u>	<u>534,802</u>	<u>(501,967)</u>	<u>(369,240)</u>	<u>248,147</u>	<u>2,096,656</u>
PAROCHIAL						
Parish Fund Raising	245,071	465,864	(528,611)	28,298	-	210,622
Investment Funds	708,273	18,216	(9,667)	-	48,500	765,322
Foundation Masses	160,706	-	-	-	-	160,706
Caritas Jersey Ltd	-	32,206	(23,666)	-	-	8,540
	<u>1,114,050</u>	<u>516,286</u>	<u>(561,944)</u>	<u>28,298</u>	<u>48,500</u>	<u>1,145,190</u>
	<u>£3,298,964</u>	<u>£1,051,088</u>	<u>£(1,063,911)</u>	<u>£(340,942)</u>	<u>£296,647</u>	<u>£3,241,846</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. A transfer is made to the General Fund from which the training costs are paid.

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.

Youth Funds

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

Diocesan Caritas

Caritas Diocese of Portsmouth supports and promotes the love of neighbour in the parishes and schools of the Diocese.

THE PORTSMOUTH DIOCESAN TRUST**NOTES TO THE ACCOUNTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2016****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 £50,000.

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.

Caritas Jersey Ltd

Caritas Diocese of Portsmouth supports and promotes the love of neighbour in the parish of Jersey.

11. DESIGNATED FUNDS	Balance at 1 September 2015 £	Incoming Resources £	Transfers/ Resources Expended £	Movement On Investments £	Balance at 31 August 2016 £
CURIAL					
Education Fund	606,840	14,601	(147,163)	50,706	524,984
Insurance Risk Fund	(8,797)	-	-	-	(8,797)
Pastoral Development Fund	674,353	-	-	-	674,353
Living Our Faith Fund	5,330,513	91,546	(799,655)	147	4,622,551
	<u>6,602,909</u>	<u>106,147</u>	<u>(946,818)</u>	<u>50,853</u>	<u>5,813,091</u>
PAROCHIAL					
Living Our Faith Fund	2,020,405	97,286	(497,566)	-	1,620,125
Other Parochial Funds	54,700,379	12,576,597	(11,866,400)	(126,960)	55,283,616
	<u>56,720,784</u>	<u>12,673,883</u>	<u>(12,363,966)</u>	<u>(126,960)</u>	<u>56,903,741</u>
	<u>£63,323,693</u>	<u>£12,780,030</u>	<u>£(13,310,784)</u>	<u>£(76,107)</u>	<u>£62,716,832</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

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 was initiated in 2008 to raise funds (i) to provide 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, and (ii) to provide parish funds to meet local needs.

12. ALLOCATION OF NET ASSETS

	Fixed Assets £	Investments £	Current Assets £	Current Liabilities £	Parish Loan Accounts £	31 August 2016 Total £
Permanent Endowment Funds						
Curial	-	36,129	757	-	-	36,886
Parochial	538,867	127,819	59,139	-	-	725,825
Restricted Funds						
Curial	-	2,868,806	(772,150)	-	-	2,096,656
Parochial	-	926,025	219,165	-	-	1,145,190
Unrestricted funds						
Curial	1,549,722	3,622,575	3,999,986	(3,166,340)	(1,167,293)	4,838,650
Parochial	38,045,092	14,083,412	3,963,344	(355,400)	1,167,293	56,903,741
Total Net Assets	<u>£40,133,681</u>	<u>£21,664,766</u>	<u>£7,470,241</u>	<u>£(3,521,740)</u>	<u>£ -</u>	<u>£65,746,948</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. One Trustee is married to a retired priest within the Diocese who is entitled to receive a stipend for supply work undertaken in the Diocese. No Trustees receive any remuneration or benefits from their trusteeships. No Trustees were paid for providing professional services to the Diocese. Trustees were reimbursed for travel expenses incurred in their capacity as Trustees in the year in the sum of £1,784 (2015 £2,410).

THE PORTSMOUTH DIOCESAN TRUST
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2016

14. CAPITAL COMMITMENTS

	31 August 2016 £	31 August 2015 £
Authorised and contracted for	£-	£-
	<u> </u>	<u> </u>

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 Bishop Crispian Way 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.
Our Lady of Peace Catholic Club Limited (Company Number: 3340552)	-	Management of licensed premises on behalf of Our Lady of Peace, Earley.
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.

Portsmouth Roman Catholic Diocesan Trust Company Limited (Company Number: 9003096) acts as Member of Caritas Jersey Limited, a Jersey registered charitable company, whose results and assets and liabilities are reported within the financial statements.

Portsmouth Roman Catholic Diocesan Properties Limited (Company Number: 9611450) was incorporated on 28th May 2015 but was not active during the year.

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

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 2016	31 August 2016 £	31 August 2015 £
TURNOVER	278,737	290,328
Cost of sales	(108,852)	(111,956)
	<hr/>	<hr/>
GROSS PROFIT	169,885	178,372
Administrative expenses	(153,584)	(142,328)
	<hr/>	<hr/>
Amount gifted to the Charity	16,301	36,044
Loans written off	(9,418)	(42,634)
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>
(LOSS)/PROFIT AFTER TAXATION	6,883	(6,590)
Reserves brought forward	(40,179)	(33,589)
	<hr/>	<hr/>
RESERVES CARRIED FORWARD	<u>£(33,296)</u>	<u>£(40,179)</u>

Included within turnover are sales to the Diocese amounting to £35,756 (2015 £51,028).

Consolidated Balance Sheet As At 31 August 2016	31 August 2016 £	31 August 2015 £
FIXED ASSETS		
Tangible assets	65,085	66,809
	<hr/>	<hr/>
CURRENT ASSETS		
Stocks	98,200	98,322
Debtors	4,482	6,869
Cash at bank and in hand	86,836	96,675
	<hr/>	<hr/>
	189,518	201,866
CREDITORS: Amounts falling due within one year	(121,398)	(142,353)
	<hr/>	<hr/>
NET CURRENT ASSETS	68,120	59,513
CREDITORS: Amounts falling due after one year	-	-
	<hr/>	<hr/>
NET ASSETS	<u>£133,205</u>	<u>£126,322</u>
	<hr/>	<hr/>
Share capital	166,501	166,501
Reserves	(33,296)	(40,179)
	<hr/>	<hr/>
SHAREHOLDERS' FUNDS	<u>£133,205</u>	<u>£126,322</u>

THE PORTSMOUTH DIOCESAN TRUST
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2016

17. FINANCIAL INSTRUMENTS	2016	2015
	£	£
Financial assets measured at fair value	9,561,878	9,677,779
Financial assets measured by amortised cost	<u>1,300,094</u>	<u>826,656</u>
Financial liabilities measured by amortised cost	<u>2,510,139</u>	<u>2,045,481</u>

Financial assets measured at fair value comprise listed investments.

Financial assets measured at amortised cost comprise school and other loans.

Financial liabilities measured at amortised cost comprise school and other loans.

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2016

**18. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2015**

	Notes	Unrestricted Funds		Restricted Funds	Total
		Curial £	Parochial £	£	£
Incoming from:					
Donations and legacies					
Donations and Offertories		614,094	8,874,334	772,416	10,260,844
Legacies		10,454	274,166	10,000	294,620
Other		452,888	166,625	122,744	742,257
Other trading activities:					
Rent – miscellaneous lettings		-	1,225,605	16,331	1,241,936
Income of trading subsidiaries	16	-	290,328	-	290,328
Investment income					
Investment income and interest receivable	1	129,107	105,119	119,345	353,571
Rent – investment properties		20,340	584,939	-	605,279
Other incoming resources:					
Insurance Claims		-	47,057	995	48,052
Gain on disposal of tangible fixed assets		36,925	320,957	-	357,882
Total income		<u>1,263,808</u>	<u>11,889,130</u>	<u>1,041,831</u>	<u>14,194,769</u>
Expenditure on					
Raising funds					
Expenses of trading subsidiaries		-	296,918	-	296,918
Finance costs		60,470	-	-	60,470
“Living Our Faith”/”Our Parish’s Future”		717,131	-	-	717,131
Appeal Costs					
Charitable activities					
Activities in furtherance of the Roman Catholic Faith		3,399,993	9,890,240	1,087,636	14,377,869
Total expenditure	2 & 3	<u>4,177,594</u>	<u>10,187,158</u>	<u>1,087,636</u>	<u>15,452,388</u>
Net (Outgoing)/Incoming Resources before transfers					
Realised and Unrealised Gains on investments		(2,913,786)	1,701,972	(45,805)	(1,257,619)
Net income/(expenditure)		<u>(2,689,541)</u>	<u>2,467,186</u>	<u>38,274</u>	<u>(184,081)</u>
Transfers between Funds		327,317	(24,409)	(302,908)	-
Transfers - Schools Building Fund Levy		-	-	-	-
Transfers - Diocesan Levy		1,761,222	(1,761,222)	-	-
Net movement on funds		<u>(601,002)</u>	<u>681,555</u>	<u>(264,634)</u>	<u>(184,081)</u>
Reconciliation of funds					
Fund balances brought forward		6,873,324	56,039,229	4,314,184	67,226,737
Fund balances carried forward		<u>£6,272,322</u>	<u>£56,720,784</u>	<u>£4,049,550</u>	<u>£67,042,656</u>