

**Catholic
Trust for
England
and Wales**

**Annual Report and Financial
Statements**

31 December 2007

Company Registration Number
4734592

Charity Registration Number
1097482

BUZZACOTT

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Reference and administrative details of the charity, its trustees and advisers

Registered name	Catholic Trust for England and Wales
Charity registration number	1097482
Company registration number	4734592
Principal office	39 Eccleston Square London SW1V 1BX
Trustees	Rt Rev Malcolm McMahon OP (Chair) – Appointed July 2007 Mgr Michael McKenna (Vice-Chair) Mr Ben Andradi Ms Alison Cowdall Mr John Gibbs Mr Peter Lomas Canon Nicholas Rothon Mr Robin Smith Dr James Whiston
Company Secretary	Mgr Andrew Summersgill
Management Group	Mgr Andrew Summersgill – General Secretary Alexander DesForges – Director CCN Mgr Andrew Faley – Assistant General Secretary Laurence Fenton – Assistant General Secretary - Operations Aminata Kamara – Human Resources Manager Sarah Pearson – Finance Manager David Ryall – Assistant General Secretary Lorraine Welch – PA to the General Secretary Charles Wookey – Assistant General Secretary
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG

Reference and administrative details of the charity, its trustees and advisers

Bankers HSBC plc
69 Pall Mall
London
SW1Y 5EY

Solicitors DLA Piper Rudnick Gray Cary LLP
3 Noble Street
London
EC2V 7EE

Halliwell Landau
21 St James's Court
Brown Street
Manchester
M2 2JF

Investment managers HSBC Investment Management
78 St James Street
London
SW1A 1HL

Structure, Governance and Management

The trustees, who are the directors for the purposes of company law, have pleasure in presenting their annual report and the financial statements of the Catholic Trust for England and Wales (CaTEW) for the year ended 31 December 2007.

This report has been prepared in accordance with Part VI of the Charities Act 1993 and Schedule VI of the Companies Act 1985.

Constitution

The Catholic Trust for England and Wales was incorporated as a company limited by guarantee on 15 April 2003 and is registered as a charity. Its governing document is the Memorandum and Articles of Association.

Principal aims

It promotes the Catholic religion principally, but not exclusively, in England and Wales. CaTEW has brought together predecessor charities that existed to support the work of the Catholic Church in these countries. Its purpose is to support the charitable, financial and legal activities of the Catholic Bishops' Conference of England and Wales, its agencies and offices.

The Catholic Bishops' Conference of England and Wales is a permanent body within the organisation of the Catholic Church that brings together the Bishops of England and Wales. As a Conference the Bishops "jointly exercise certain pastoral functions for the Christian faithful... in order to promote the greater good which the Church offers to humanity, especially through forms and programs of the apostolate fittingly adapted to the circumstances of time and place" (cf. *Code of Canon Law* can 447).

Trustees

The retirement by rotation and re-election procedures for the trustees are set out in the Memorandum and Articles of Association. Additional trustees are sought through an open recruitment process in which candidates are evaluated against clear specifications. The selection process aims to ensure that the trustee board collectively has the skills and experience to properly fulfil its functions. In keeping with the Trust's objectives, it is a requirement that candidates are committed Catholics. In order to properly discharge their duties, trustees are provided with an induction. Background information on the charity's constitution, objects and finances, together with an introduction to the structure and workings of the Bishops' Conference and material explaining trustees' legal responsibilities, is provided. Where trustees identify a need for training to effectively carry out their duties, appropriate resources are identified and training provided.

There must be a minimum of eight trustees, but there is no maximum.

Trustees serving throughout the year and at the date on which this report was signed are shown on page 1.

Details of grants and donations to other charities are set out in note 9 to the financial statements.

Structure, Governance and Management (continued)

Trustees' responsibilities statement

The charity's trustees are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the year end and of its incoming resources and resources expended during that year. In preparing financial statements giving a true and fair view, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees, in his or her capacity as director of the charity confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Risk assessment

The trustees annually assess the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances. Those risks identified in the last report were addressed during the current year. The trustees believe that by monitoring reserve levels, ensuring controls exist over key financial systems, and examining the operational and business risks faced by the charity they are developing appropriate management strategies, and are establishing effective systems to mitigate risks.

Structure, Governance and Management (continued)

Major risks that have been identified are:

External risks

- ♦ As CaTEW operates to a static levy, and operating costs are rising, it is necessary to find alternate sources of income to fund the ongoing work of the Bishops' Conference. Effective use of resources and achieving economies of scale are related areas which also require addressing.

Property

- ♦ The agreed refurbishment of 38-40 Eccleston Square brings not only financial consequences, but operational risks and probable disruption whilst work is carried out.
- ♦ In addition, 114 West Heath Road could, in the short term, pose a financial risk to the Trust. Steps are being taken to rent the property to a third party.

Organisational structure

The governance of the charity is accomplished through the Annual General Meeting with the members, meetings of the Board and its constituent committees. The committees are:

The Finance Committee supports the Assistant General Secretary (AGS) Operations and the Finance Manager, implements and reviews budgets, monitors investments and applies the grant-making policy of the Trust.

The Fundraising Committee plans, oversees and manages all aspects of fundraising undertaken by or on behalf of the Trust.

The Publishing Committee monitors and facilitates publishing arrangements and the development of Colloquium (CaTEW) Ltd with the aim of promoting the work of the Bishops and the Bishops' Conference.

The Personnel Committee provides support to the AGS Operations and the Human Resources Manager, advises on all matters of human resources, and supports the Human Resources Manager in grievance and disciplinary procedures.

The Premises Committee supports the AGS Operations in managing the properties of the Trust and all related property issues.

The Health and Safety Committee supports the AGS Operations in matters of health and safety and conducts and monitors risk management assessment and disaster recovery planning.

The Legal Committee liaises with the Charity Commission on behalf of the Board and advises and instructs on the appointment of legal advisers and on matters of legal compliance.

Structure, Governance and Management (continued)

Subsidiary company

The charity has a wholly owned subsidiary company Colloquium (CaTEW) Limited. The company was incorporated on 15 April 2003. Its results are included in the consolidated financial statements presented with this report.

Relations with other Charitable Organisations

At the request of the Bishops' Conference of England and Wales and with the agreement of the Irish Episcopal Conference and the Bishops' Conference of Scotland, CaTEW assumed the corporate trusteeship of the Linacre Centre for Healthcare Ethics (274327) on 27 February 2006.

On behalf of the three Bishops' Conferences mentioned above, the Trust acquired premises for the St Luke's Centre (1111058), a wellness centre for priests and religious, and acts as the landlord for the centre.

As the administrative arm of the Bishops' Conference of England and Wales the Trust has close links with the Diocesan charities through which the annual assessments are made. These are principally through the Bishops themselves and also it is represented at the Conference of Diocesan Financial Secretaries. The Trust relates to the charities of religious congregations within the Conference of Religious, particularly through its provision of the administrative, legal and financial support for the Catholic Office for the Protection of Children and vulnerable Adults (COPCA). The Trust also relates closely to those agencies of the Bishops' Conference that exist as independent charities. The main ones being the Catholic Agency for Overseas Development (CAFOD), the Catholic Education Service, Caritas-Social Action, the Pontifical Mission Societies, the Catholic Agency for Racial Justice and the Apostleship of the Sea. The Trust provides office accommodation for the National Justice and Peace Network.

Many of the bodies receiving grants from CaTEW have been established or promoted by the Bishops' Conference and are charitable Trusts. The subscriptions to the Ecumenical Instruments are transferred to Churches Together in Britain and Ireland, a charitable Trust established as part of the ecumenical relations between the Churches in these countries.

Objectives and Activities

The Trust exists to provide the administrative support and legal framework for the Bishops' Conference and to carry out its mandate. The Bishops' Conference meets in plenary session twice a year and its activities are continued through the meetings of the departments of the Bishops' Conference, a standing committee of the elected President and Vice-President, Bishop chairmen of departments and two other Bishops, and the Secretariat, agencies and offices of the Conference.

Objectives and Activities (continued)

The departments of the Conference identify the present broad areas of activity for the Bishops in supporting the Dioceses of England and Wales and witnessing to the Gospel in the contemporary world: Catholic Education and Formation, Christian Life and Worship, Christian Responsibility and Citizenship, Dialogue and Unity, Evangelisation and Catechesis, International Affairs.

The Bishops' Conference through CaTEW employs staff to carry out the work of the Departments, which also rely heavily on the participation of volunteers who serve as committee members and advisers. Specific areas of the Church's work are co-ordinated and directed by agencies and offices. Some of these are supported within the Catholic Trust for England and Wales. At the present time these are: the Catholic Agency for the Support of Evangelisation (CASE) and the National Office for Vocation (NoV).

The Catholic Office for the Protection of Children and Vulnerable Adults (COPCA) is an independent function mandated by the Bishops' Conference and the Conference of Religious and supported administratively within the Trust. During 2007, the publication of *Safeguarding with Confidence* has led to changes referred to later in this report.

Communicating the activities of the Bishops' Conference and its agencies and offices, as well as the Catholic Church both locally, nationally and internationally is co-ordinated by the Catholic Communications Network (CCN).

The Bishops' Conference Secretariat administers the Trust and this is co-ordinated by the General Secretary of the Conference who is the Company Secretary of the Trust.

When directed by the Bishops' Conference, CaTEW will continue to consolidate national Catholic organisations and to develop and manage the assets it has received for the benefit of the activities of the Bishops' Conference, its agencies and offices.

Income and expenditure

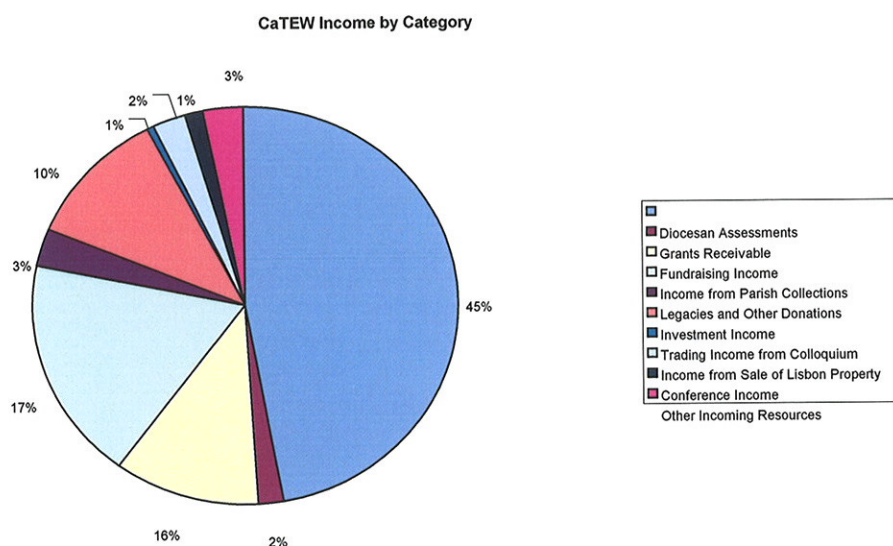
In 2007 the income of the Trust from all sources was £3,929,751. The main sources are assessments on the Dioceses of England and Wales mandated by the Bishops, parish collections agreed by the Bishops for the purposes of the Bishops' Conference and associated agencies and offices. The assessments mandated by the Conference are for the general workings of the Conference, subscriptions to the Ecumenical Instruments, child protection (COPCA) and Catholic Youth Services. Authorised parish collections received by CaTEW are taken on Home Mission Sunday (to support CASE), World Communications Day (to support CCN) and the Day for Life (to support the Linacre Centre and the pro-life activities of the Conference).

Other income is derived from investments, grants and property. During 2007 the Trust continued to develop a fundraising capability entitled *Faith in the Future* which during this year raised £619,324.

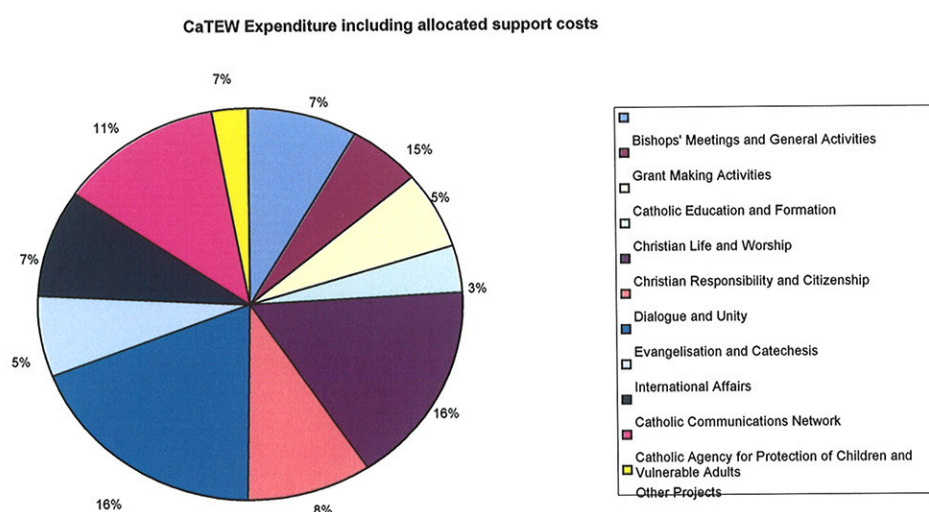
Objectives and Activities (continued)

Income and expenditure (continued)

The income of the Trust is illustrated below:



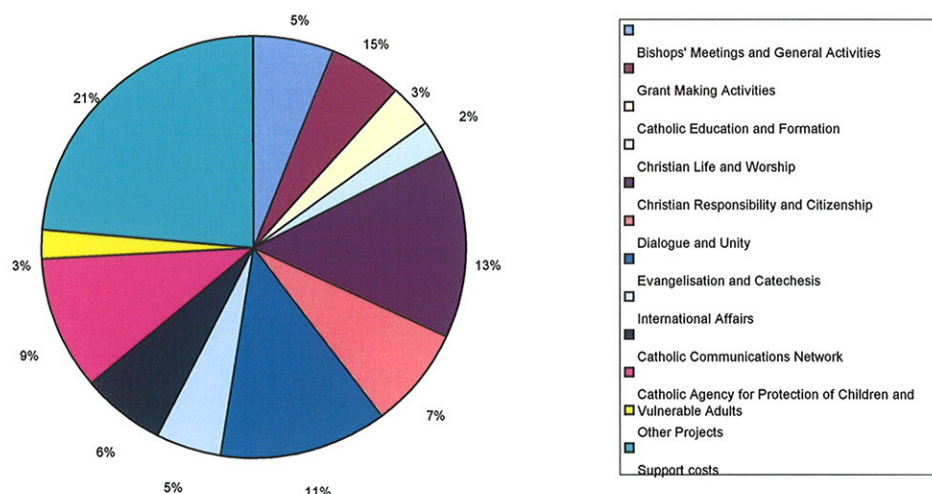
Total expenditure for the year was £3,811,165. The expenditure of the Trust in pursuing the activities of the Bishops' Conference is illustrated below in terms of the departments of the Conference, agencies, offices and other expenditure. It is analysed in detail in the accounts attached to this report:



Objectives and Activities (continued)

Income and expenditure (continued)

CaTEW Expenditure with support costs as one item



Grant-Making Policy

A significant part of the support offered by the Bishops' Conference to national initiatives is through the grants that are made by the Trust. The Trustees have therefore agreed a grant making policy to be applied by the Finance Committee. Five categories of grants have been agreed:

- 1 Small grants to charities that attract their major funding from other sources;
- 2 Grants to organisations, charities and projects that have a national role recognised by the Bishops' Conference and are therefore considered as being part of the national ecclesiastical structures;
- 3 Grants to organisations, charities and projects that either contribute to the life and work of the Catholic community in more than one diocese and require significant funding or require initial funding in order to develop the work of the Bishops' Conference;
- 4 Grants for purposes associated with social communications and media;
- 5 Grants to fulfil the purposes of the Lisbon Trust Fund (a constituent charity of the Trust).

Achievements and performance

The activities of CaTEW are determined solely by the requirements of the Bishops' Conference of England and Wales and are therefore more clearly described under the structures of the Conference outlined earlier.

Catholic Education and Formation

The main activity of the Department is focused through the meetings of the Bishops, agreeing policy direction with the Catholic Education Service (a distinct charity funded through a separate assessment from Dioceses). The Bishops of the Department, with the support of the CES have been engaged in debate with Government following the publication of the Education and Inspection Act 2006, on the role of Catholic schools and their contribution. The Department is also reviewing the National Project *Living and Sharing Our Faith*. The Department has supported the CES in the promotion of church schools with specific reference to the policy statement *Faith in the System*.

A specific office supported by CaTEW is the National Office for Vocation. During 2007 it continued its internet-based approach of promoting vocation and also produced various 'hard' resources, such as exhibition stands and information leaflets, for use at national and local events.

The Office continues to encourage young men to consider priesthood as well as promoting an overall culture of vocation. Regional vocations directors, parishes and schools are helped by the production and distribution of annual resource packs and prayer leaflets. The Office also co-ordinates national selection policy, helping to ensure careful selection of candidates for the priesthood, and promotes best practise in this regard.

In 2007, the Office launched a gap-year website to encourage young men and women to volunteer in UK faith-based projects. This site currently gets about 600 visitors per month.

The Office has also invested a considerable amount of time in contacts with the Media, to ensure that stories about priesthood and religious life are accurate and informative.

Christian Life and Worship

The Department for Christian Life and Worship is engaged in the ongoing preparation for the publication of a new English Translation of the Roman Missal. Resources are expended on the consultation process with the Bishops on the translation and work on the preparation of the catechetical materials to assist with the introduction of the publication.

The Committee for Spirituality has established an annual meeting with those responsible for Spirituality in Dioceses to provide a common forum and share good practice.

The Committee for Patrimony has collaborated with English Heritage and a number of Dioceses on Taking Stock projects. This consists of a buildings audit to enable a Diocese to become fully informed and conversant with the heritage value of its buildings. The report provides an invaluable tool for future planning and pastoral review.

Achievements and performance (continued)

Christian Life and Worship (continued)

Work has continued on a syllabus for the formation of lay liturgical ministers which aims to give Dioceses the material to provide basic formation for all liturgical ministers. In the Autumn of 2007 three of the modules were successfully piloted in three Dioceses.

The staff of the Department is engaged in training and facilitating liturgical awareness throughout the Dioceses of England and Wales, with a view to assisting Diocesan liturgical commissions to provide their own resources to parishes and so assist in a growing understanding of good liturgical principles in parish worship.

Christian Responsibility and Citizenship

The department made significant progress in addressing its three strategic priorities during 2007.

Support of marriage and family life – In 2007 the resources of the first phase of the project's work on encouraging welcoming parishes were completed. The impact so far has been greatest in those Dioceses which organised study days on the materials and themes. During the year major progress was made in developing the second phase of the project to promote family spirituality. With the help of a significant donation, the planning of *Home is a Holy Place* done in conjunction with the Dioceses has led to the development of a more integrated approach across the Dioceses. A 'Celebrating Family Fund' is to be established by the Trust to co-ordinate and oversee the allocation of funding to Diocesan projects. Co-ordination at the planning stage has enhanced Diocesan co-operation and is intended to build capacity at local level.

Support for marginalized and vulnerable people – pursued through a department core grant to Caritas Social Action and through project work on urban poverty, discrimination issues and community cohesion. During 2007 Caritas Social Action supported the improvement and development of services delivered by Catholic charities for marginalized and vulnerable children. Their activities have increased the profile of Catholic charities, particularly the Catholic adoption agencies. As a consequence of this, the quantifiable contribution by Catholic agencies to the benefit of children who would otherwise be in state care has been recognised by Government. The Department's project work and advocacy has stimulated the debate on social inclusion within the Catholic community, and contributed to the common good in line with Catholic social teaching.

Caritas and department staff were involved in negotiations with the government in seeking to assure the future of Catholic adoption agencies.

Achievements and performance (continued)

Christian Responsibility and Citizenship (continued)

Life issues and the dignity of the person – the annual Day for Life received excellent support and a wide distribution of materials were sent out to mark the 40th anniversary of the 1967 Abortion Act. The Catholics in Healthcare project delivered two publications on hospital chaplaincy and the pastoral care of Catholic patients which were widely distributed within NHS trusts. A new website was launched to support this. A stand at the NHS confederation in June 2007 received significant attention and underlined the impact of newly increased visibility of the Church in this area. A seminar at St Thomas' Hospital attended by Cardinal Barragan from the Pontifical Council for Healthcare in June 2007 underlined the support of the Holy See for the work being done in England and Wales on these issues. Consultations were held on a draft guide to the Mental Capacity Act.

In addition, department staff were involved during the year with advocacy work on behalf of the Bishops on issues including charity law and public benefit, discrimination law reform and the future of Catholic adoption agencies, the Human Fertilisation and Embryology Bill, and promoting the case for a national bioethics commission.

The department is also responsible for the Catholic Parliamentary Internship scheme, which placed seven graduates in the academic year 2007/08. This is a highly successful and innovative scheme. In addition a conference was held in November 2007 for young Catholics interested in careers in public service addressed by the Attorney General, Baroness Scotland, and which was extremely well attended.

Dialogue and Unity

The Department has pursued three major objectives during 2007:

- ◆ To establish bi-lateral dialogues with the Oriental Orthodox Churches in England and Wales, and the United Reformed Church;
- ◆ To continue writing a Bishops' teaching document on relations with Other Faiths for publication in 2009;
- ◆ On-going formation of Diocesan workers in the areas of ecumenical and Other Faith relations.

Funds have been used to drive a series of meetings to pursue the objectives described above. Work outcomes are measured primarily by the quality of relationships that lie at the heart of the Department's purpose and work on behalf of the Bishops. Consequently the outcomes can be described as:

- ◆ the development of relationships with other Christians and other Faith traditions;
- ◆ a consistent approach to Catholic truth and the truth held by the other traditions.

Work over the past year has benefited participants by strengthening relationships and deepening understanding of the core issues.

Achievements and performance (continued)

Evangelisation and Catechesis

The Department supervises the work of two agencies located within the Trust: the Catholic Agency for the Support of Evangelisation (CASE) and Catholic Youth Services (CYS).

CASE has continued to provide training and consultancy on evangelisation in many Dioceses and in several educational contexts such as youth ministry and leadership. It continues to respond to an increasing number of enquirers at the Catholic Enquiry Office and has developed two "Seekers' Centres", which it now supports. It has offered resources in specific new areas, such as using buildings for evangelisation, Theology of the Body, and evangelisation with our Catholic heritage and has published a Directory of Evangelisation Resources.

As a result there is a growing awareness of the meaning of evangelisation and a willingness within the Church to engage in it. Those who are already engaged, whether in parishes or new movements, feel supported in their work by knowing that there is an agency dedicated to resourcing them. The printed and online materials are widely appreciated by those who are evangelising. The Catholic Enquiry Office website performs a valuable service in answering a wide range of enquiries.

Future plans include developing a website for children, plans to explore the potential for evangelisation of the interest in migrants. Also to respond with online and printed resources to opportunities arising in the media for evangelisation and to design new printed free materials for the Catholic Enquiry Office.

During 2007 the Bishops took the decision to close the Catholic Youth Services (CYS) in order to evaluate how best to support the needs of youth ministry within the Dioceses. A reduced youth service has continued to support the preparation of those Bishops and lay people who will attend World Youth Day in 2008. The Department has also supported the writing of national guidelines for the support of youth ministry by diocesan youth workers.

The Department has also organised a national consultation with adult formation advisers which will provide the Bishops with a clearer understanding of where resources are needed to develop effective adult formation. This ongoing work will continue for the next two years.

Achievements and performance (continued)

International Affairs

The Department's objectives for 2007 were determined by the Bishops collectively and on the basis of the five particular long term issues that the Department has as its priorities. In addition, a capacity must be retained to respond to events and crises that the Bishops' Conference wishes it to engage upon at little or no notice. The process involves analysing the needs faced by the Bishops and the resources available to meet them with the Assistant General Secretary having the task of developing plans to achieve the goals. The Bishop Chairman leads the process through the Department's regular residential meetings and objectives are monitored. Regular meetings are held with the Secretariat of State of the Holy See at which the Department's work is assessed. The five major continuing themes are: Migration and Asylum work through the Office for Refugee Policy; the Middle East and Religious Freedom; Environmental Justice; Europe; and the Global Common Good.

The objectives for 2007 were achieved in the major areas identified above. For example, in relation to the Middle East, the Holy Land Coordination continued to support the Local Church and held successful meetings in Jerusalem, Bethlehem, Gaza and Nazareth, whilst Archbishop Twal (Coadjutor Patriarch of Jerusalem) visited London at the invitation of the Bishops' Conference for discussions with parliamentarians and policymakers. The work of the Office for Refugee Policy focussed on negotiating with government over the points-based system and working with partners, such as COMECE, on the Common European Asylum System. The Department, under the heading of the Global Common Good project, managed the publication, by Cambridge University Press, of the proceedings of the Price of Peace conference. Collaboration with the US and German Bishops' Conferences has accelerated, e.g. through the combined advocacy undertaken by the Conferences over the G8 summit.

Amongst the objectives for 2008 are to deepen the engagement with the Department's strategic themes and to work more closely with the Knights of the Holy Sepulchre on building a network to increase support for the Church in the Holy Land.

Catholic Communications Network (CCN)

CCN provides a communications service to Bishops, the Bishops' Conference departments and agencies. The team responds to enquiries from all media and supports Bishops, departments and agencies in communicating their objectives, offering advice and implementing agreed strategies. Bishop John Arnold became the chairman of CCN during the year and is now leading the progress in how the work of the Bishops and the wider church is communicated.

During 2007, the CCN communicated the Bishops' position on (among many other issues): the effect of the Sexual Orientation Regulations on Catholic Adoption Agencies; the importance of Church Schools; safeguarding children and vulnerable adults in light of the Cumberlege Commission Report; the Human Fertilisation and Embryology Bill.

Achievements and performance (continued)

Catholic Communications Network(CCN) (Continued)

The CCN continues to promote specific projects of the Bishops' Conference, including the Day for Life among others, and works closely with all departments in helping to devise the most appropriate communications strategy for those specific projects. It also provides a regular daily news service (national and religious press), support to Diocesan communications, media training and media advice. During 2007 over half of the Bishops in England and Wales received media training run by CCN.

Significant progress was made in 2007 in overhauling the Bishops' Conference website to make it more accessible to all interested in the Bishops' work. This work involved close collaboration with our web partners and all agencies and departments in ensuring the website met their needs. The website went live in early 2008.

The CCN continues to be entirely funded by the World Communications Day Collection, which has increased over the past two years since CCN was formed and took over responsibility for fundraising materials and communication. Activity in 2008, within budgetary constraints, will see the recruitment of a webmaster to take forward the site; further media training for Bishops and seminarians; increased use of the radio studio in the Eccleston Square office for training and interviews; and close collaboration with all departments to help ensure appropriate coverage of the Bishops' activities.

Catholic Office for the Protection of Children and Vulnerable Adults (COPCA)

During 2007 COPCA continued to provide professional Child Protection advice and consultation to the Bishops Conference, the Conference of the Religious and to Child Protection Co-ordinators and Officers throughout England and Wales on matters related to the protection of children and vulnerable adults, including current policy, best practice and legislative frameworks.

COPCA has sought to develop and review national safeguarding policies and procedures, and has been responsible for carrying out regular audits of the implementation of policies and procedures in Dioceses and Religious Congregations.

COPCA is the registered body for the Criminal Records Bureau for the Catholic Church in England and Wales. It maintains a confidential database of all disclosures. Nearly 19,500 were processed in 2007. COPCA has also led the development and implementation of a computerised checking system throughout England and Wales.

Lord Nolan's Report, "A Programme for Action", recommended that a thorough review should be undertaken after five years. This review, led by Baroness Cumberlege, reported in 2007 with the publication of "Safeguarding with Confidence – Keeping Children and Vulnerable Adults safe in the Catholic Church".

Other Projects, Meetings, Property and Trust Administration

Faith in the Future

Faith in the Future, the Bishops' Conference fundraising initiative, has continued its work throughout 2007. The current fundraising strategy, based around small and medium sized events has so far proved very successful. This strategy formed the basis of the core work of the fundraising team throughout 2007, combined with follow up meetings with potential donors, and update meetings with existing donors to the campaign. In 2007 nine fundraising events and follow up took place variously in London, Leeds and Rome.

Faith in the Future is led by an Assistant General Secretary, has a full time Development Officer, part time consultant and a trustee of CaTEW has particular responsibility for fundraising. At the end of 2007, £2.7 million had been raised in gifts and pledges to the Trust to support the work of *Faith in the Future*; £1.6 million of which had been actually received, £1.1 million pledged to be received between 2008 and 2012.

Cumberlege Commission

At the end of 2006, by agreeing with the Dioceses and the Conference of Religious a refund of under-expenditure by COPCA, the Trustees were able, at the request of the Bishops' Conference to allocate funding for a Commission chaired by Baroness Julia Cumberlege to review the implementation of the Nolan Report *A Programme for Action* both nationally and locally in the Dioceses and religious congregations. The Commission made recommendations for change taking account of statutory and good practice developments since the publication of the Nolan review. It considered the role of the central office (COPCA) in delivering these and any outstanding Nolan recommendations.

At the November 2007 Bishops' Conference the Bishops received the report from the Cumberlege Commission and set up an Implementation Group, headed by Bill Killgallon, for the purpose of reviewing the recommendations of *Safeguarding with Confidence* and to make recommendations regarding their implementation by March 2008.

Property Matters

The Trustees have expended considerable time and resources addressing matters associated with the properties held for the use of the Bishops' Conference, its agencies and offices and investment or property holdings inherited from constituent charities. There are also overseas property holdings, not yet part of the Trust, of which the Bishops' Conference is the ultimate beneficiary. The Property Committee and the AGS Operations have worked with professional advice to address issues relating to these properties with the intention of maximising the benefit to the Bishops' Conference.

Trust Administration

During 2007, the Bishops' Conference agreed to the appointment of an Assistant General Secretary for Operations. This appointment was made in September 2007 and the post holder has taken responsibility for the administrative, financial, human resources, property and compliance matters of the Trust under the supervision of the General Secretary.

Financial review

The results for the year are shown on page 22. A detailed analysis of the results is provided on pages 7 to 9. The net movement in funds for the year was a surplus of £136,290 (2006 - £209,607).

The balance sheet shows total reserves of £9,753,207. Of this, £2,653,663 represents the net book value of the charity's tangible fixed assets and £5,106,112 represents the market value of the charity's investments. Restricted funds of £867,918 represent unexpended balances held on trust to be applied for specific purposes. General funds amount to £4,193,694 and are discussed in the following paragraphs.

Reserves policy

CaTEW's operational policy is to try to ensure that it has adequate free reserves to meet its continuing charitable obligations and day-to-day working capital requirements.

CaTEW is reliant upon Diocesan assessments for the majority of its income, which are agreed annually by the Bishops' Conference.

Currently, CaTEW aims to have the equivalent of one year's expenditure in reserves. This level will be kept under review to ensure that there are sufficient reserves to meet new initiatives from the Bishops. Last year, a target for reserves of three month's expenditure was established. The trustees now believe that a higher level of reserves reflects the charity's risk profile.

The value of CaTEW's reserves at 31 December 2007, following principles established by the Charity Commission, was £4,193,694. The trustees are of the opinion that these are adequate but not excessive and fall within the parameters set out in the above reserves policy.

Investment policy

The trustees have adopted a general statement of an ethical investment policy:

The Catholic Church's understanding of Ethical Investment is drawn from a series of "social encyclicals" which followed from Pope Leo XIII's own encyclical letter *Rerum Novarum* of 1891. That document set out to restore in contemporary industrial society the priority of the human over the economic, and the spiritual and moral over the material.

In the management of investments both Charity Law and Church teaching apply.

Under Charity Law, the trustees must seek to obtain the best financial return possible consistent with commercial prudence. Following the Church's teaching, the trustees also seek to maintain an ethical investment policy through a process of making value judgements about the products, services and corporate practices as well as their financial efficacy. Their judgements and decisions to invest or disinvest, and of seeking to change through shareholder action, reflect particularly that teaching which promotes the dignity and sanctity of human life and the importance of society in general.

Investment policy (continued)

This has been communicated to the investment managers of the Trust and, through regular meetings with them and periodic assessment by the Finance Committee, its implementation is kept under review.

The trustees appreciate the importance of choosing a suitable long-term investment strategy and benchmark. The strategy is to produce an income stream at 3.5% whilst allowing for capital growth. Accordingly, the investment managers are instructed to report against appropriate benchmarks. The portfolio achieved an income of 3.66% in 2007.

At 31 December 2007

Market value	Yield	Fund	Benchmark
£4.5m	£165k	3.6	6.1

Plans for the future

Following a review of national youth work provision by the Bishops, the Catholic Youth Services is to be wound down after World Youth Day July 2008. Youth work is to be supported by a youth desk within the Bishops' Conference Secretariat and support given to the Catholic Association of Youth Ministers and Advisors.

The *Safeguarding with Confidence* report was presented to the Spring plenary meeting at which the Bishops adopted the recommendations of the Implementation Group, which included the formation of the Catholic Safeguarding Advisory Service (CSAS) the National Catholic Safeguarding Commission (NCSC) with effect from 1 July 2008. CSAS will form part of the Department for Christian Responsibility and Citizenship, which will provide legal, administrative, financial and human resources support through the Trust. The NCSC will direct the policy, formation and programme of CSAS. The NCSC has been established by and will report to both the Bishops' Conference and the Conference of Religious.

The board has approved the essential work (in order to comply with current health and safety and disability discrimination legislation) and a partial refurbishment of 38-40 Eccleston Square with a build cost of c. £1.5 million. The work is expected to commence during Summer 2008.

The staff of the agencies CASE and NOV are to relocate to Eccleston Square following the projected works. This is anticipated to take place in late 2008 or early 2009.

Following a decision by the trustees of the Catholic Students International Chaplaincy Fund (CSICF) and, with the agreement of the trustees, the assets and liabilities of the CSICF are expected to transfer to the Trust during 2008.

Following discussions with the President of the English College Lisbon, the property in Portugal has been sold and the proceeds are to be transferred to the Trust during 2008, and are to be administered according to the requirements of a 1973 decree of the Holy See.

Auditors

On 30 September 2007, Buzzacott, the charity's auditors, transferred their entire business to Buzzacott LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The trustees have consented to treating the appointment of Buzzacott as auditors as extending to Buzzacott LLP. In accordance with section 385 of the Companies Act 1985, Buzzacott LLP will be proposed for re-appointment as auditors of the charity.

Signed on behalf of the trustees

A handwritten signature in black ink, appearing to read 'Michael McBlane', written over a horizontal line.

Trustee

Approved by the board on: 16 June 2008

Independent auditors' report to the members of Catholic Trust for England and Wales

We have audited the financial statements on pages 22 to 44 which have been prepared under the historical cost convention, modified by the revaluation of freehold properties and investment assets, and the accounting policies set out on pages 24 to 26.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and independent auditors

As described on page 4 the trustees, who are also the directors of Catholic Trust for England and Wales for the purposes of company law, are responsible for the preparation of the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Companies Act 1985. We also report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

Independent auditors' report 31 December 2007

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the group and the charitable company's state of affairs as at 31 December 2007 and of the incoming resources and resources expended, including income and expenditure of the group, in the year then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the trustees' report is consistent with the financial statements.



Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

3 September 2008

Consolidated statement of financial activities Year to 31 December 2007

		Unrestricted funds	Restricted funds	2007 Total funds	2006 Total funds
	Notes	£	£	£	£
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
. Voluntary income					
.. Diocesan assessments	1	1,163,386	593,028	1,756,414	1,709,454
.. Other voluntary income	2	17,529	1,466,684	1,484,213	983,488
. Activities for generating funds	3	19,570	—	19,570	42,983
. Investment income	4	390,677	17,669	408,346	376,144
Incoming resources from charitable activities	5	40,700	13,450	54,150	146,089
Income from sale of Lisbon Property		—	92,154	92,154	—
Other incoming resources		12,486	102,418	114,904	118,815
Total incoming resources		1,644,348	2,285,403	3,929,751	3,376,973
Resources expended					
Costs of generating funds	6	76,816	158,688	235,504	142,765
Charitable activities	7				
. Bishops' Meetings, General Activities and Grant Making		459,057	—	459,057	523,944
. Catholic Education and Formation		61,127	151,986	213,113	164,650
. Christian Life and Worship		132,821	—	132,821	138,359
. Christian Responsibility and Citizenship		282,337	273,908	556,245	544,790
. Dialogue and Unity		190,622	120,363	310,985	310,857
. Evangelisation and Catechesis		56,628	578,436	635,064	650,582
. International Affairs		176,819	47,125	223,944	201,801
. Catholic Communications Network (CCN)		—	290,746	290,746	315,286
. Catholic Office for Protection of Children and Vulnerable Adults (COPCA)		—	420,916	420,916	416,706
. Other Projects		—	305,023	305,023	83,105
Governance costs	20	27,747	—	27,747	20,050
Total resources expended		1,463,974	2,347,191	3,811,165	3,512,895
Net incoming (outgoing) resources before transfers and investment asset disposals		180,374	(61,788)	118,586	(135,922)
Transfers between funds	29	(422,693)	422,693	—	—
Net (outgoing) incoming resources before investment asset disposals		(242,319)	360,905	118,586	(135,922)
Realised losses on disposal of investments		(38,814)	—	(38,814)	(12,638)
Net (outgoing) incoming resources before unrealised gains on investments		(281,133)	360,905	79,772	(148,560)
Unrealised gains on investments		56,518	—	56,518	358,167
Net movement in funds		(224,615)	360,905	136,290	209,607
Fund balances brought forward at 1 January 2007		9,109,904	507,013	9,616,917	9,407,310
Fund balances carried forward at 31 December 2007		8,885,289	867,918	9,753,207	9,616,917

All of the charity's activities were derived from continuing operations during the above two financial periods.

Balance sheets 31 December 2007

	Notes	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Fixed assets					
Tangible assets	23	2,653,663	2,669,155	2,653,663	2,669,155
Investments					
· Investments	24	5,106,112	5,102,660	5,131,112	5,127,660
· Programme related investments	25	1,409,586	1,419,514	1,409,586	1,419,514
		<u>9,169,361</u>	<u>9,191,329</u>	<u>9,194,361</u>	<u>9,216,329</u>
Current assets					
Debtors	26	264,588	316,140	263,473	289,752
Cash at bank and on money market		<u>1,578,909</u>	<u>381,482</u>	<u>1,541,148</u>	<u>348,703</u>
		<u>1,843,497</u>	<u>697,622</u>	<u>1,804,621</u>	<u>638,455</u>
Creditors: amounts falling due within one year	27	<u>(592,984)</u>	<u>(272,034)</u>	<u>(592,040)</u>	<u>(250,799)</u>
Net current assets		<u>1,250,513</u>	<u>425,588</u>	<u>1,212,581</u>	<u>387,656</u>
Total assets less current liabilities		<u>10,419,874</u>	<u>9,616,917</u>	<u>10,406,942</u>	<u>9,603,985</u>
Creditors: amounts falling due after one year					
Deferred income	28	(666,667)	—	(666,667)	—
Total net assets		<u>9,753,207</u>	<u>9,616,917</u>	<u>9,740,275</u>	<u>9,603,985</u>
Represented by:					
Funds and reserves					
Restricted funds	29	867,918	507,013	867,918	507,013
Unrestricted funds					
- Designated funds	30	4,653,663	9,040,647	4,678,663	9,065,647
- General fund		4,193,694	31,325	4,193,694	31,325
- Non charitable trading funds		37,932	37,932	—	—
		<u>9,753,207</u>	<u>9,616,917</u>	<u>9,740,275</u>	<u>9,603,985</u>

Approved by the trustees
and signed on their behalf by:



Trustee

Approved on: 16 June 2008

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investment assets, and in accordance with applicable Accounting Standards (United Kingdom Generally Accepted Accounting Practice), The Companies Act 1985 and the Statement of Recommended Practice on “Accounting and Reporting by Charities” (SORP 2005) issued in March 2005.

Basis of consolidation

The consolidated financial statements represent the transactions and financial position of the charity and its wholly owned subsidiary. The charity has taken advantage of the exemption afforded in S230 of the Companies Act 1985 and has not presented its own statement of financial activities.

The results of the wholly owned subsidiary company Colloquium (CaTEW) Limited has been included on a line by line basis within the group financial statements of the Charity excluding inter group transactions.

Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 ‘Cash flow statements’.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Where income is received specifically for application in a future accounting period it is carried forward as deferred income in the balance sheet and recognised as income in that future accounting period.

Incoming resources are not recognised as income where the charity acts solely as a collection agent and has no control over the application of those funds.

No separate statement of financial activities has been presented for the charity alone, as permitted by s230 of the Companies Act 1985 and paragraph 397 of SORP 2005. The Catholic Trust for England and Wales had total incoming resources of £3,925,094 (2006 – £3,350,217) and net incoming resources of £121,377 (2006 – £208,876).

Expenditure

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of irrecoverable VAT, and comprise the following:

- ◆ The costs of generating funds include fees paid to investment managers in connection with the management of the charity’s listed investments, and staff costs and other direct costs associated with fundraising and the generation of voluntary income.

Expenditure (continued)

- ◆ Charitable activities comprise expenditure on the charity's primary charitable purposes as analysed on the face of the statement of financial activities. This includes grants payable in support of other charitable organisations, which are included in the statement of financial activities when approved for payment. Provision is made for grants approved but unpaid at the year end.
- ◆ Governance costs comprise the costs directly attributable to the organisational procedures and necessary legal procedures for compliance with statutory requirements.
- ◆ Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. The costs are allocated to each charitable activity heading on the basis described in Note 7.

Fixed assets

All assets costing more than £500 and with an expected useful life of more than one year are capitalised.

Depreciation is provided at the following rates per annum in order to write the assets off over their estimated useful lives:

- | | |
|---------------------------|----------------------|
| ◆ Freehold buildings | 1% on cost |
| ◆ Furniture and equipment | 25% on cost |
| ◆ Motor vehicles | 25% reducing balance |

Where assets have been transferred from predecessor charities they have been initially recognised at the agreed value on transfer. In most cases this was the book value at the time of transfer. These assets are depreciated in equal instalments over the remainder of their useful life, measured from the time of their original acquisition.

Investments

Fixed asset investments, excluding the investment in the trading subsidiary, are included in the financial statements at their market value as at the balance sheet date. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise. The investment in the subsidiary company is included in the financial statements at cost.

Programme related investments

These are shown in the balance sheet at cost. Any gain or loss arising from disposal or impairment is credited or charged to the Statement of Financial Activities.

Funds structure

The charity holds restricted funds, representing monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The remainder, and greater part, of the charity's funds are unrestricted, and can be used at the discretion of the trustees in furtherance of the charity's objectives. These funds are divided between funds designated by the trustees for specific purposes and funds available for general use.

Further details of the charity's funds are given in the notes to the financial statements.

Notes to the financial statements 31 December 2007

1 Diocesan assessments

	Unrestricted	Restricted			Total 2007 £	Total 2006 £
	General £	Catholic Youth Services £	Ecumenical Instruments £	Child Protection: COPCA* £		
Arundel and Brighton	60,957	7,710	7,035	16,449	92,151	89,914
Birmingham	94,102	11,901	10,859	25,393	142,255	138,814
Brentwood	60,726	7,680	7,008	16,387	91,801	89,590
Cardiff	23,873	3,019	2,755	6,442	36,089	35,229
Clifton	38,939	4,925	4,494	10,507	58,865	57,448
East Anglia	21,208	2,682	2,447	5,723	32,060	31,281
Hallam	14,834	1,876	1,711	4,003	22,424	21,891
Hexham and Newcastle	72,430	9,161	8,359	19,545	109,495	106,843
Lancaster	29,320	3,708	3,384	7,912	44,324	43,255
Leeds	54,467	6,889	6,286	14,698	82,340	80,345
Liverpool	83,208	10,524	9,602	22,453	125,787	122,750
Menevia	232	28	27	63	350	350
Middlesbrough	20,860	2,638	2,407	5,629	31,534	30,762
Northampton	36,737	4,646	4,239	9,913	55,535	54,175
Nottingham	46,471	5,877	5,363	12,540	70,251	68,553
Plymouth	25,380	3,210	2,929	6,849	38,368	37,442
Portsmouth	57,713	7,299	6,660	15,574	87,246	85,129
Salford	81,470	10,304	9,402	21,984	123,160	120,185
Shrewsbury	57,015	7,213	6,580	15,386	86,194	84,095
Southwark	101,055	12,781	11,662	27,269	152,767	149,093
Westminster	175,571	22,206	20,261	47,377	265,415	258,889
Wrexham	2,318	293	267	625	3,503	3,421
	1,158,886	146,570	133,737	312,721	1,751,914	1,709,454
Contribution from Bishopric of the Forces	4,500	—	—	—	4,500	—
	1,163,386	146,570	133,737	312,721	1,756,414	1,709,454

Diocesan assessments are contributions from dioceses to support the work of the Bishop's Conference.

*Catholic Office for the Protection of Children and Vulnerable Adults (COPCA) – see note 18.

2 Other voluntary income

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Legacies	—	28,619	28,619	8,129
General donations	2,851	—	2,851	8,557
Grants receivable	14,678	58,344	73,022	138,084
Donations towards the costs of				
· COPCA	—	—	—	5,007
· Communications	—	—	—	1,745
· Evangelisation (CASE)	—	47,936	47,936	47,531
· Parliamentary Internship Programme	—	29,820	29,820	11,500
· Vocations	—	3,031	3,031	4,842
· Youth work	—	5,314	5,314	1,593
· Holy Land & Middle East	—	3,123	3,123	7,662
· Listed Churches database	—	—	—	1,500
Donations received from <i>Faith in the Future</i> fundraising initiative	—	619,324	619,324	155,012
World Communications Day	—	268,119	268,119	302,955
Day for Life	—	307,888	307,888	165,821
Home Mission Sunday	—	95,166	95,166	123,550
Total	17,529	1,466,684	1,484,213	983,488

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Trading income of subsidiary	19,570	—	19,570	42,983

Notes to the financial statements 31 December 2007

4 Investment income

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Income from listed investments				
. UK fixed interest	36,170	—	36,170	42,313
. Overseas fixed interest	7,803	—	7,803	6,992
. UK equities	87,967	—	87,967	93,806
. Overseas equities	15,276	—	15,276	9,536
. Common investment funds	10,554	—	10,554	9,626
. Other listed investments	7,480	—	7,480	14,088
	<u>165,250</u>	<u>—</u>	<u>165,250</u>	<u>176,361</u>
Income from investment property				
. Rental income	97,451	—	97,451	65,080
	<u>97,451</u>	<u>—</u>	<u>97,451</u>	<u>65,080</u>
Other rent received	114,229	—	114,229	88,378
	<u>114,229</u>	<u>—</u>	<u>114,229</u>	<u>88,378</u>
Interest receivable				
. Bank interest	13,747	17,669	31,416	36,816
. Loans	—	—	—	9,509
	<u>13,747</u>	<u>17,669</u>	<u>31,416</u>	<u>46,325</u>
Total	<u>390,677</u>	<u>17,669</u>	<u>408,346</u>	<u>376,144</u>

5 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Conference income	40,700	13,450	54,150	146,089
	<u>40,700</u>	<u>13,450</u>	<u>54,150</u>	<u>146,089</u>

6 Costs of generating funds

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Costs of generating voluntary income	—	8,214	8,214	15,685
Fundraising costs				
· Staff costs	—	51,302	51,302	19,665
· Accommodation and other costs	—	71,268	71,268	37,257
· Allocated costs	—	27,904	27,904	—
	—	150,474	150,474	56,922
Investment management costs	72,159	—	72,159	43,403
Costs of trading subsidiary	4,657	—	4,657	26,755
Total	76,816	158,688	235,504	142,765

7 Expenditure on charitable activities

	Direct costs £	Grants paid (note 9) £	Allocated costs £	2007 Total funds £	2006 Total funds £
Bishops' Meetings and General Activities (note 8)	206,165	182,344	70,548	459,057	523,944
Catholic education and formation (note 10)	110,695	—	102,418	213,113	164,650
Christian Life and Worship (note 11)	81,810	—	51,011	132,821	138,359
Christian Responsibility and Citizenship (note 12)	296,362	189,063	70,820	556,245	544,790
Dialogue and Unity (note 13)	255,857	—	55,128	310,985	310,857
Evangelisation and Catechesis (note 15)	427,218	—	207,846	635,064	650,582
International Affairs (note 16)	164,703	—	59,241	223,944	201,801
Catholic Communications Network (note 17)	212,177	—	78,569	290,746	315,286
Catholic Office for the Protection of Children and Vulnerable Adults (note 18)	342,873	—	78,043	420,916	416,706
Other projects (note 19)	95,210	199,035	10,778	305,023	83,105
	2,193,070	570,442	784,402	3,547,914	3,350,080

Notes to the financial statements 31 December 2007

7 Expenditure on charitable activities (continued)

The support costs and the basis of their allocation were as follows:

	2007 Costs £	Basis of apportionment
Staff costs	262,831	Straight line
Premises costs – Eccleston Square	97,266	Head count
Premises costs – West Heath Road	49,828	Pro rata basis
Professional fees	148,406	Straight line
Other costs	253,975	Pro rata basis
	812,306	

No support costs have been allocated to governance costs as the amounts involved would be immaterial.

8 Bishops' Meetings and General Activities

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Bishops' Meetings and General Activities	—	206,165	206,165	216,988

9 Grant making activities in support of other bodies

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Category 1				
Churches Initiative Trust	3,000	—	3,000	—
Catholic Evangelical Services	—	—	—	1,000
Youth 2000	500	—	500	500
Christian Survivors of Sexual Abuse	—	—	—	1,500
St. Cassian's Centre	—	—	—	1,920
Franciscan Int Study Centre	—	—	—	1,979
Engaging with Contemporary Spirituality	—	—	—	1,000
Standing Committee Discretionary Grants	2,402	—	2,402	700
Category 2				
National Board of Catholic Women	9,000	—	9,000	8,500
NBCW (Development Officer)	13,000	—	13,000	13,000
National Conference of Priests	11,000	—	11,000	11,000
National Council of Lay Associations	7,000	—	7,000	7,000
Catholic Chaplains in Higher Education	10,000	—	10,000	10,500
Joint Bio-Ethics Committee	—	3,870	3,870	3,870
CARITAS Social Action	56,000	—	56,000	104,926
Category 3				
Churches Committee Hospital Chaplaincy	4,000	—	4,000	—
Young Christian Workers (National)	1,900	—	1,900	1,000
Young Christian Workers (Chaplaincy)	9,948	—	9,948	12,312
Linacre Centre *	—	50,000	50,000	70,000
Union of Catholic Mothers	2,680	—	2,680	—
Category 4				
SIGNIS (OCIC)	1,374	—	1,374	1,392
Independent Catholic News	1,000	—	1,000	—
DCO's Forum	1,000	—	1,000	1,000
Churches Media Council	6,000	—	6,000	6,000
Diocesan Newspaper Editors' Forum	500	—	500	—
Category 5				
Lisbonian Society	4,000	—	4,000	—
History of English College Lisbon	16,000	—	16,000	3,547
Subscriptions				
Group for Evangelisation of CTE	1,000	—	1,000	1,000
Christian Enquiry Agency	1,000	—	1,000	750
Catholic Biblical Federation	—	—	—	701
Churches Main Committee	5,728	—	5,728	5,720
Council of European Bishops' Conferences (CCEE)	7,573	—	7,573	6,679
Commission of the Bishops' Conference of the European Community (COMECE)	6,676	—	6,676	6,590
ICEPEL Subscription	—	—	—	25,000
Other				
Hospices	—	87,215	87,215	50,000
Profile Groups	—	15,000	15,000	—
Parliamentary Internships programme	—	32,978	32,978	27,315
Education travel grants	—	1,450	1,450	3,660
Joint Dialogue Group	63	—	63	715
Balance carried forward	182,344	190,513	372,857	390,776

9 Grant making activities in support of other bodies (continued)

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Balance brought forward	182,344	190,513	372,857	390,776
Care not Killing Alliance	—	125,000	125,000	—
The Church in the Middle East	—	72,585	72,585	—
	182,344	388,098	570,442	390,776

* CaTEW assumed the sole trusteeship of the Linacre Centre on 27 February 2006

10 Catholic Education and Formation

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Department costs	3,835	16,262	20,097	19,532
National Office for vocation	48,226	42,372	90,598	72,577
	52,061	58,634	110,695	92,109

11 Christian Life and Worship

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Department costs	42,168	39,642	81,810	88,121

12 Christian Responsibility and Citizenship

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Department costs	142,992	76,525	219,517	213,837
Day for Life	10,800	43,580	54,380	95,340
Parliamentary Internship Programme	—	22,465	22,465	10,324
	153,792	142,570	296,362	319,501

13 Dialogue and Unity

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Subscriptions and Ecumenical Instruments (note 14)	—	159,233	159,233	186,427
Department costs	59,143	37,481	96,624	76,655
	59,143	196,714	255,857	263,082

Notes to the financial statements 31 December 2007

14 Subscriptions for ecumenical instruments

	Unrestricted funds £	Restricted funds £	2007 Total direct costs £	2006 Total direct costs £
Churches Together in Britain and Ireland (CTBI)	—	48,950	48,950	57,861
Churches Together in England (CTE)	—	43,705	43,705	51,661
Churches Together in Wales (CYTUN)	—	27,708	27,708	32,752
CTBI Interfaith	4,152	—	4,152	4,908
CTBI Racial Justice	8,792	—	8,792	10,393
Churches Commission on Mission	25,490	—	25,490	28,337
Churches Commission for International Students	436	—	436	515
	38,870	120,363	159,233	186,427

15 Evangelisation and Catechesis

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Department costs	4,272	11,320	15,592	13,481
CASE	163,707	104,617	268,324	260,217
Catholic Youth Services	83,174	60,128	143,302	230,105
	251,153	176,065	427,218	503,803

16 International Affairs

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Department costs	89,650	27,928	117,578	104,370
Office for Refugee Policy	46,570	555	47,125	47,379
	136,220	28,483	164,703	151,749

17 Catholic Communications Network

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Catholic Communications Network	152,733	59,444	212,177	267,011

18 Catholic Office for the Protection of Children and Vulnerable Adults

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Catholic Office for the Protection of Children and Vulnerable Adults	189,685	153,188	342,873	365,426

19 Other Projects

	Staff costs £	Other operating costs £	2007 Total direct costs £	2006 Total direct costs £
Cumberlege Commission	3,498	49,524	53,022	28,810
Other projects	10,424	31,764	42,188	43,607
	13,922	81,288	95,210	72,417

20 Governance costs

	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Audit fees	17,391	—	17,391	15,863
Trustees' expenses	4,475	—	4,475	2,988
Other governance costs	5,881	—	5,881	1,199
	27,747	—	27,747	20,050

21 Staff costs and trustees' remuneration

	2007 £	2006 £
Staff costs during the year were as follows:		
Wages and salaries	1,180,993	1,064,332
Social security costs	123,987	113,276
Other pension costs	59,039	60,786
Total staff costs	1,364,019	1,238,394

21 Staff costs and trustees' remuneration (continued)

Staff numbers per function, calculated on both an average basis and on a full time equivalent basis, were as follows:

	Average 2007	Average 2006	2007 FTE	2006 FTE
General Secretariat	21	19	19	19
Catholic Communications Network	4	4	4	4
COPCA	5	4	5	4
National Office for Vocation	3	3	2	2
CASE	8	8	5	6
CYS	3	3	3	2
	44	41	38	37

Employees earning £60,000 per annum or more (including benefits) during the year:

	2007	2006
£60,001 – £70,000	—	1
£70,001 – £80,000	1	—
£80,001 – £90,000	—	1
	1	2

No trustees received any remuneration for their services in the year (2006 – none). Travel expenses of £4,475 were reimbursed to three (2006 – four) trustees during the year (2006 – £2,988).

Trustees' indemnity insurance was purchased during the year. The premium is shared with other organisations and the amount attributable to the charity is not separately identified.

22 Taxation

The Catholic Trust for England and Wales is a registered charity and therefore is not liable to corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

23 Fixed assets

Group and charity	Freehold properties £	Furniture, fittings and computer equipment £	Total £
Cost or valuation			
As at 1 January 2007	2,825,901	115,917	2,941,818
Additions	—	56,325	56,325
As at 31 December 2007	<u>2,825,901</u>	<u>172,242</u>	<u>2,998,143</u>
Depreciation			
As at 1 January 2007	198,719	73,944	272,663
Charge for the year	28,822	42,995	71,817
As at 31 December 2007	<u>227,541</u>	<u>116,939</u>	<u>344,480</u>
Net book values			
At 31 December 2007	<u>2,598,360</u>	<u>55,303</u>	<u>2,653,663</u>
At 31 December 2006	<u>2,627,182</u>	<u>41,973</u>	<u>2,669,155</u>

As permitted under FRS 15, the charity has continued to adopt a policy of not revaluing its tangible fixed assets. The book value of freehold properties is based upon book value at the time of transfer from predecessor charities in 2003.

It is likely that there are material differences between the open market values of the charity's freehold properties and their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of the trustees, is not justified in terms of the benefits to the users of the accounts.

24 Investments

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Investment properties (UK)	565,000	565,000	565,000	565,000
Listed investments	4,541,112	4,537,660	4,541,112	4,537,660
Investment in subsidiary company (UK)	—	—	25,000	25,000
	<u>5,106,112</u>	<u>5,102,660</u>	<u>5,131,112</u>	<u>5,127,660</u>

24 Investments (continued)

Listed investments and cash held for re-investment – Group and charity	2007 £	2006 £
Listed investments		
Market value at 1 January 2007	4,423,395	4,791,778
Additions at cost	219,354	552,067
Disposal proceeds	(586,411)	(1,265,979)
Net investment gains	17,704	345,529
Market value at 31 December 2007	4,074,042	4,423,395
Cash held by investment managers for re-investment	467,070	114,265
	4,541,112	4,537,660
Cost of listed investments at 31 December 2007	3,274,795	3,348,488

All listed investments were dealt on recognised stock exchanges.

Listed investments held at 31 December 2007 comprised the following:

	Group and Charity 2007 £	Group and Charity 2006 £
UK fixed interest	675,208	636,347
Overseas fixed interest	233,984	140,974
UK equities	2,090,600	2,589,549
Overseas equities	808,507	764,267
Common investment funds	124,690	141,310
Other listed investments	141,053	150,948
	4,074,042	4,423,395

At 31 December 2007 the following individual investment holdings were considered material in the context of the entire listed portfolio as at that date:

Holding	Market value of holding £	% of total portfolio %
Invesco Perpetual Income & Growth Income Units	282,480	6.93
Liontrust First Income Fund Units	218,673	5.37
M&G Securities Limited Charifund	218,001	5.35

Notes to the financial statements 31 December 2007

24 Investments (continued)

Investment in subsidiary company

The charity holds 100% of the issued share capital of Colloquium (CaTEW) Limited. This holding was acquired on incorporation of the company on 15 April 2003. Colloquium (CaTEW) Limited is a publishing company registered in England.

The following is a summary of the financial statements of Colloquium (CaTEW) Limited for the year ended 31 December 2007, which have been included in the consolidated financial statements.

	2007 £	2006 £
Turnover	18,540	42,983
Cost of sales	(4,585)	(24,656)
Gross profit	13,955	18,327
Interest receivable	1,030	—
Administrative expenditure	(72)	(2,099)
Gift aid	(14,913)	(16,228)
Net profit for the year	—	—
Retained profit at 1 January 2007	12,932	12,932
Retained profit at 31 December 2007	12,932	12,932
Called up share capital	25,000	25,000
At 31 December 2007	37,932	37,932

25 Programme related investments

	2007 £	2006 £
Group and charity		
St Luke's Centre	1,000,000	1,000,000
Venerable English College, Rome	409,586	419,514
	1,409,586	1,419,514

St Luke's Centre

The St Luke's Centre was purchased by CaTEW in 2006 to provide a Wellness Centre for Priests operated by the St Luke's Institute of Maryland, USA.

It is a project to minister to our priests and religious women and men who so generously give of themselves to serve others.

After an initial two year rent free period, this asset will generate rental income from August 2008, however this will not be at a commercial level.

25 Programme related investments (continued)

Venerable English College (VEC) Rome

This investment relates to funds advanced from a constituent charity, the Lisbon Trust Fund, in 1987 and 1993 totalling £428,700, to give financial support to the college.

The college is a seminary for the training of priests for the dioceses of England and Wales.

The VEC agreed to begin repayment of these monies at the rate of £10,000 per annum, commencing 1 January 2006. The rate of repayment will be reviewed after 10 years and the loan is interest free.

26 Debtors

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Prepayments and accrued income	158,773	97,445	158,773	97,445
Other debtors	105,815	218,695	104,700	192,307
	264,588	316,140	263,473	289,752

27 Creditors: amounts falling due within one year

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Expense creditors	97,436	56,339	97,436	56,339
Social security and other taxes	36,823	33,602	36,823	33,602
Accruals and deferred income	437,974	137,759	437,974	137,759
Other creditors	20,751	44,334	16,315	19,607
Amounts due to trading subsidiary	—	—	3,492	3,492
	592,984	272,034	592,040	250,799

28 Creditors: amounts falling due after one year

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Deferred income	666,667	—	666,667	—

A donation of £1,000,000 was received during the year to be used specifically during the period 2008-2010. £333,333 is included within 'Accruals and deferred income' in note 27 (amounts falling due within one year) and the balance will be recognised in subsequent periods.

29 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances held on trust to be applied for specific purposes.

Group and charity	At 1 January 2007 £	Incoming resources £	Resources expended £	Transfers between funds £	At 31 December 2007 £
Catholic Youth Reserve	51,901	2,025	—	—	53,926
Diocesan Reserve	98,781	3,806	(1,450)	—	101,137
Day for Life	13,931	309,294	(214,466)	4,000	112,759
Catholic Communications Network (CCN)	106,832	288,934	(298,960)	78,569	175,375
Office for Refugee Policy	12,225	45,000	(47,125)	—	10,100
Child Protection Reserve	115,184	306,441	(420,916)	17,168	17,877
Cumberlege Commission	(28,810)	70,956	(57,022)	14,876	—
Safeguarding Implementation Group	—	—	—	50,000	50,000
Lisbon Property Fund	25,949	93,415	(16,895)	1,694	104,163
Fundraising	84,861	420,838	(150,474)	(172,717)	182,508
Funds raised for other projects under Faith in the Future	—	207,067	(212,805)	—	(5,738)
CASE	—	160,317	(371,137)	210,820	—
National Office for Vocations	—	44,729	(151,987)	107,258	—
Internships	(13,082)	29,820	(59,443)	41,944	(761)
Catholic Youth Service	18,577	153,966	(207,298)	63,997	29,242
Ecumenical Instruments	—	133,737	(120,363)	—	13,374
Other funds	20,664	15,058	(16,850)	5,084	23,956
	507,013	2,285,403	(2,347,191)	422,693	867,918

The restricted funds in deficit at the year end represent spending on funded projects in advance of receiving funds.

The transfers from general funds to the restricted funds during the year represent additional funds required to assist in the support of various projects.

The purposes of the main funds (where not apparent from their title) are:

Catholic Youth Reserve

A reserve held previously by the National Catholic Fund for expenditure associated with young people.

Diocesan reserve

A fund to assist dioceses which are in financial need. Small grants have been made from this fund to subsidise home to school transport in remote areas of England and Wales.

Day for Life

An annual Day for Life is celebrated in England and Wales to promote the sanctity of human life. The parish collection taken on the day funds the Bishops' Conference contribution to the Linacre Centre for Healthcare Ethics, the production of pro-life materials and other designated charities as determined annually.

29 Restricted funds (continued)

Catholic Communications Network (CCN)

This office of the Bishops' Conference is funded almost entirely by proceeds from the World Communications Day collection in England and Wales specifically for Catholic communications.

Office for Refugee Policy

The reserve relates to the balance of a grant from CAFOD, in support of an office that provides high quality analysis of policy and legislative developments in the UK, and also at EU and global levels, regarding asylum and migration. Funding for this office is one of the elements of the Trust's fundraising policy.

Child Protection Reserve

This denotes reserves accrued under expenditure for COPCA.

Cumberlege Commission

This fund represents expenditure incurred for the review of child protection, chaired by Baroness Cumberlege, in advance of receiving funds and which is due to report before the end of 2007.

Safeguarding Implementation Group

This fund represents monies set aside to fund the cost of the Safeguarding Implementation Group, who were appointed by the Bishops to review the recommendations of the Cumberlege Commission report, *Safeguarding with Confidence*.

Lisbon Property Fund

This fund was inherited from the Lisbon Trust Fund for the purposes of maintaining a property owned by the English College Lisbon to fulfil the requirements of the Holy See on the closure of the seminary.

Fundraising

This represents monies raised under the *Faith in the Future* fundraising initiative as yet unallocated, or to fund the costs of the fundraising function.

Funds raised for other projects under Faith in the Future

This fund represents funds raised in pursuit of the aims of the Faith in the Future initiative and distributed to other parts of the Church or partners in the mission of the Catholic Church.

Catholic Agency to Support Evangelisation (CASE)

To collect and distribute funds for the Catholic Agency to Support Evangelisation. This is largely funded from the Home Mission Sunday Collection and other donations. The trustees allocate resources from general funds to meet the requirements of this priority area for the Bishops' Conference.

National Office for Vocations

The National Office for Vocation was established in 2002 with a two-fold remit - to develop the Vatican II understanding of vocation in the Church and to promote particular vocations especially priesthood. The trustees allocate resources from general funds to meet the budget requirements of this priority area for the Bishops' Conference.

29 Restricted funds (continued)

Internships

In 2002, the Catholic Parliamentary Internship Programme was created to enable graduates to be placed, each year, with Christian MPs at Westminster. The programme includes part time study at Heythrop College, exposure to the work of the Catholic Church at national and international level and regular spiritual guidance. Funding for this programme is one of the elements of the Trust's fundraising policy.

Catholic Youth Service

To collect and distribute that part of the national Youth Sunday collection that the Bishops' Conference allocates through a Diocesan Assessment for the work of the Catholic Youth Services.

Ecumenical Instruments

To receive Diocesan contributions to the subscriptions made, on behalf of the Catholic Church in England and Wales, to the Ecumenical Instruments in Britain and Ireland.

30 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for a specific purpose:

Group and charity	At 1 January 2007 £	Designated/ released in year £	At 31 December 2007 £
Tangible fixed assets fund	2,669,155	(15,492)	2,653,663
Investments fund	6,371,492	(6,371,492)	—
Repairs and maintenance fund	—	2,000,000	2,000,000
	9,040,647	(4,386,984)	4,653,663

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets held as part of the unrestricted funds. A decision was made to separate this fund from the general fund of the charity in recognition of the fact that the tangible fixed assets are essential to the day to day work of the charity and as they are not regarded as realisable with ease in order to meet contingencies.

The investments fund represents the market value of the charity's investments held as part of the unrestricted funds and excluding investments which are represented by restricted funds. (The restricted funds which are represented by investments are the Catholic Youth Reserve and the Diocesan Reserve (see note 29). A decision was made to separate this fund from the general fund of the charity in recognition of the fact that investments are held as part of a portfolio by investment managers to generate income and as such they are not regarded as realisable in the ordinary course of events. Following a review of the reserves policy, the trustees released this fund in the year.

The repairs and maintenance fund represents the amount set aside for the major refurbishment work at the principal office in Eccleston Square.

Notes to the financial statements 31 December 2007

31 Analysis of net assets between funds

Group	General funds £	Designated funds £	Trading subsidiary £	Restricted funds £	Total 2007 £
Fund balances at 31 December 2007					
Are represented by:					
Fixed assets	—	2,653,663	—	—	2,653,663
Investments	4,360,635	2,000,000	—	155,063	6,515,698
Current assets	1,073,361	—	57,281	712,855	1,843,497
Creditors: amounts falling due within one year	(573,635)	—	(19,349)	—	(592,984)
Creditors: amounts falling due after one year	(666,667)	—	—	—	(666,667)
Total net assets	4,193,694	4,653,663	37,932	867,918	9,753,207
Accumulated unrealised gains on investments included in the above	799,247	—	—	—	799,247

32 Leasing commitments

Operating leases

At 31 December 2007, the charity had annual commitments under non-cancellable operating leases which expire as follows:

	Land and buildings		Equipment	
	2007 £	2006 £	2007 £	2006 £
Operating leases which expire:				
Within one year	18,200	32,533	—	964
Within two to five years	—	—	6,597	2,194
	18,200	32,533	6,597	3,158

33 Capital commitments

During the year, the trustees authorised, but not yet contracted for, major refurbishment work at the principal office in Eccleston Square. The cost, including legal and professional fees, is estimated at £2 million including VAT and the refurbishment is expected to commence in the summer of 2008.

34 Post balance sheet events

Following a decision by the trustees of the Catholic Students International Chaplaincy Fund (CSICF) and, with the agreement of the trustees, the assets and liabilities of the CSICF are expected to transfer to the Trust during 2008.

Following discussions with the President of the English College Lisbon, the property in Portugal has been sold and the proceeds are to be transferred to the Trust during 2008, and are to be administered according to the requirements of a 1973 decree of the Holy See.