

**Catholic  
Trust for  
England  
and Wales**

**Annual Report and Financial  
Statements**

31 December 2006

Company Registration Number  
4734592

Charity Registration Number  
1097482

BUZZACOTT

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

<b>Registered name</b>	Catholic Trust for England and Wales
<b>Charity registration number</b>	1097482
<b>Company registration number</b>	4734592
<b>Principal office</b>	39 Eccleston Square London SW1V 1BX
<b>Trustees</b>	Mgr Michael McKenna (Chair) Mr Robin Smith Mr John Gibbs Mr Peter Lomas Canon Nicholas Rothern Dr James Whiston Ms Alison Cowdall Mr Ben Andradi
<b>Company Secretary</b>	Mgr Andrew Summersgill
<b>Senior Management Team</b>	Mgr Andrew Summersgill – General Secretary Mgr Andrew Faley – Assistant General Secretary Charles Wookey – Assistant General Secretary David Ryall – Assistant General Secretary Maureen Lucht de Freibruch – Director of Finance Aminata Kamara – HR Manager
<b>Auditors</b>	Buzzacott 12 New Fetter Lane London EC4A 1AG
<b>Bankers</b>	HSBC plc 69 Pall Mall London SW1Y 5EY

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

**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 2006.

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 have assessed 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. 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 can develop appropriate management strategies, and thereby establish 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, it is necessary to focus expenditure on the Bishops' priorities. It is intended to agree a 3 year objective summary indicating how funds can be allocated according to the priorities of the Bishops' Conference. It is hoped to implement this with effect from 2009.
- ◆ The reduction in basic rate tax from 2008, will impact on gift aid income within the Dioceses, which may cause further pressure on the ability of Dioceses to meet the annual assessment.

#### Organisational relationships

- ◆ There has been a lack of strategic congruence between the Trust and the Bishops' Conference. This has been addressed by a Trustee Review of the relationship and the appointment of a Bishop as Chair of the Trustees from July 2007.

#### Critical staffing

- ◆ To facilitate improved management of the Trust, it has been decided to recruit the equivalent of a Chief Operating Officer during 2007.

#### Property

- ◆ Assessment of the property of the Trust is proving to be a time consuming process and reflects difficulties in reaching strategic financial and property decisions. This is being addressed by working with property advisers and making this a priority issue for the Trustee Board.

#### Fund-raising

- ◆ The Trust is engaged in active fund-raising. This is becoming an integral part of funding. There is now staff dedicated to fund-raising and developing regular communication with funders on projects and outcomes, in order to sustain fundraising income.

#### *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 Director of Finance and the Finance Office, implements and reviews budgets, monitors investments and applies the grant-making policy of the Trust.

### **Structure, Governance and Management** (continued)

#### *Organisational structure* (continued)

*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 and advice on all matters of human resources and supports the General Secretary of the Bishops' Conference in grievance and disciplinary procedures.

*The Premises Committee* manages the properties of the Trust and all related issues.

*The Health and Safety Committee* acts on behalf of the Board 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.

#### *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 has acquired premises for the St Lukes Centre (1111058), a wellness centre for priests and religious.

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 and the Catholic Agency for Racial Justice.

## **Structure, Governance and Management** (continued)

### *Relations with other Charitable Organisations* (continued)

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.

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 a 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), Catholic Youth Services (CYS), 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.

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.

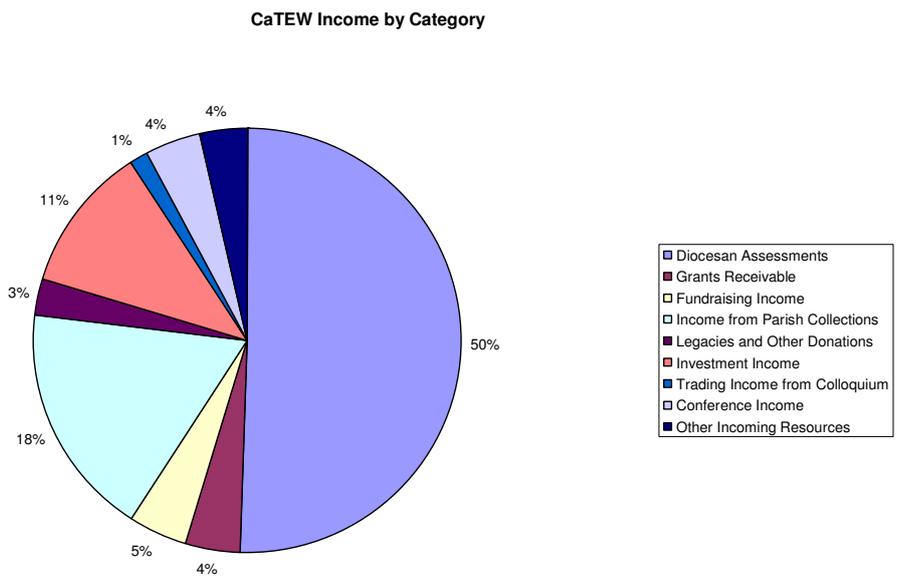
**Objectives and Activities** (continued)

*Income and expenditure*

In 2006 the income of the Trust from all sources was £3,376,973. 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 2006 the Trust has begun to develop a fundraising capability entitled *Faith in the Future* which during this year raised £155,012.

The income of the Trust is illustrated below:

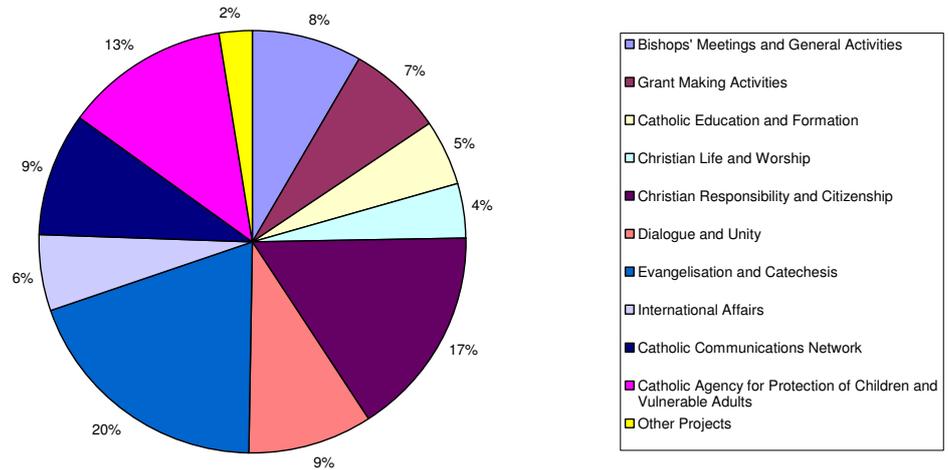


Total expenditure for the year was £3,512,895. The expenditure of the Trust in pursuing the activities of the Bishops' Conference is illustrated below in terms of the departments of the Conference, agencies, offices and other expenditure. It is analysed in detail in the accounts attached to this report:

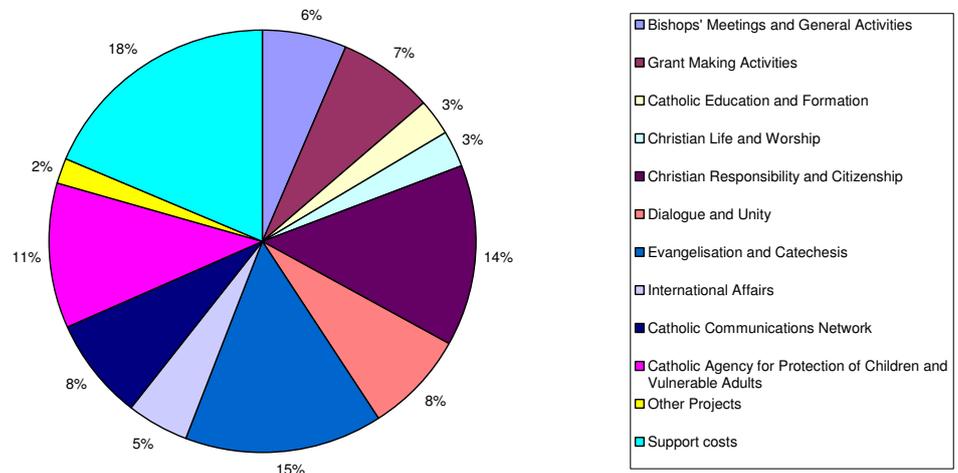
**Objectives and Activities** (continued)

*Income and expenditure* (continued)

**CaTEW Expenditure including allocated support costs**



**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;

**Grant-Making Policy** (continued)

- 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*. This is due to be completed in 2007.

Within the Department, a specific office supported by CaTEW is the National Office for Vocation. During 2006 it chose to dedicate resources to internet based awareness raising and so target young people considering their vocation.

The Office has sought to encourage young men to consider priesthood. Hits to the *ukpriest.org* internet site are now regularly at 2000 visitors a month, a significant increase. Much of the work supports local vocations directors as there is synergy and cost effectiveness in producing unified resources. The office co-ordinates national selection policy, helping to ensure careful selection of candidates.

New objectives include producing a range of new publicity materials (a national project) and developing a gap-year website to encourage volunteering.

*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 in the meetings and processes of translation and also in the preparation of the catechetical materials associated with the publication.

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.

## **Achievements and performance** (continued)

### *Christian Life and Worship* (continued)

During 2006 a joint project with English Heritage came to fruition with the publication of *A Glimpse of Heaven* which is a survey of the heritage and architecture of Catholic places of worship in England and Wales.

### *Christian Responsibility and Citizenship*

The department has three objectives which it has pursued during 2006:

*Support of marriage and family life* – pursued through the Marriage and Family Life project office which continues to implement a strategy of work arising from the *Listening 2004* process. Funds are used for the production of resources and events taking forward this work. These include the *Everybody's Welcome* resources, and initiatives to follow up this first phase of work. A major conference in October 2006 set the agenda for the second phase *Home is a Holy Place* being rolled out in 2007.

*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 2006 *Caritas social action* refocused its work and priorities and the Department has supported this. During the year there have also been a number of interventions with Government over initiatives affecting Catholic charities including adoption societies which serve some of the most disadvantaged children in society.

*Life issues and the dignity of the person* – pursued through advocacy work on pro-life issues, organising the Day for Life in 2006 and work to take forward the *Catholics in Healthcare* initiative. Materials were produced during 2006 for the *Day for Life* in collaboration with the Bishops' Conference of Scotland and the Irish Episcopal Conference. Also web-based resources were made available. A *Catholics in Healthcare* seminar was held and publications produced. A three year strategy for this project has been developed and agreed.

### *Dialogue and Unity*

The Department has pursued three major objectives during 2006:

To establish bi-lateral dialogues between the Bishops of the Department and Bishops of the Orthodox Tradition, and the Bishops' Conference with the United Reformed Church;

To prepare for and facilitate a joint meeting of the Bishops' Conference and the Church of England House of Bishops in November 2006;

To continue writing a Bishops' teaching document on relations with Other Faiths for publication in 2008;

Funds have been used to drive a series of meetings which were the main way of pursuing the objectives described above. Work outcomes are measured primarily by the purpose and quality of the 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:

## **Achievements and performance** (continued)

### *Dialogue and Unity* (continued)

- the development of relationships with other Christians and other Faith traditions;
- the consistent approach to Catholic truth and the truth held by the other traditions;
- a renewed understanding of the mutual goals and challenges faced jointly by Catholic and Anglican Bishops.

### *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 offered training and consultancy on evangelisation in many dioceses and in several educational contexts. It responds to an increasing number of enquirers at the Catholic Enquiry Office and is developing two "Seekers' Centres". 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 2006 Catholic Youth Services (CYS) focused on two areas. There was a national youth event held in Birmingham in October 2006 and attended by over a thousand young people from England and Wales. The second was to co-operate with CAFOD to launch the *Live Simply* initiative which marks the fortieth anniversary of the publication of the encyclical *Populorum progressio*. It had been anticipated that more young people might attend the gathering in Birmingham. However the outcome was welcomed by all those who were there with high quality speakers and resources being available to participants. The *Live Simply* launch was facilitated by the production and distribution of resource materials associated with Youth Sunday (November 2006).

### *International Affairs*

The Department's objectives are determined by the Bishops collectively and on the basis of the five particular long term issue areas that the Department focuses on. 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 five major continuing themes are:

## **Achievements and performance** (continued)

### *International Affairs* (continued)

Europe; Migration and Asylum work through the Office for Refugee Policy; The Middle East and Religious Freedom; Environmental Justice and the Global Common Good.

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 objectives for 2006 were achieved in the major areas identified above. For example, the Holy Land Coordination's annual conference was held successfully. The measure for success in this area must inevitably be largely subjective with the decisive voices being the satisfaction, or otherwise, expressed by the local Church and the Holy See. In both cases, the responses have been positive. The value added by Department is that it provides a service of solidarity to the suffering Church, e.g. Iran, which no other Bishops' Conference has been able to do.

The objectives for 2007 are to deepen the engagement with its strategic themes and to work more collaboratively with other Bishops' Conferences – especially in the United States and Germany – to provide a more effective witness.

### *Catholic Communications Network*

CCN provides a communications service to Bishops, departments and agencies. It responds to incoming enquiries and supports Bishops, departments and agencies in communicating their objectives. During 2006, CCN responded to (among many other issues): media strategy associated with the Bishops' opposition to the proposed assisted dying legislation; raising awareness of the Church's position on Church schools; the visits of Pope Benedict XVI to Germany and to Turkey.

It has promoted the launch of the *Care Not Killing Alliance* and the *Cumberlege Commission* review of child protection policies and procedures. CCN also provides a regular daily news service (national and religious press), support to diocesan communications, media training and media advice. A major project undertaken in 2006 was a total overhaul of the website including putting the contract out to tender to identify web partners, identifying departmental needs and facilitating departmental collaboration. The website is scheduled to go live during 2007.

Future activities will include the dissemination of the report of the *Cumberlege Commission*, supporting a developing perspective from the Bishops' Conference on the environment and the stewardship of creation and the materials associated with the annual *Day for Life*. With the recruitment of new staff it is also intended to have a fully functioning radio studio, with regular interviews and training schedule in place for 2008.

### **Achievements and performance** (continued)

#### *Catholic Office for the Protection of Children and Vulnerable Adults*

During 2006 COPCA has sought to develop national safeguarding policies and procedures, particularly a self-audit instrument for Dioceses and Religious Congregations, Guidance on responding to past cases of child abuse and a vulnerable adults policy. It has begun a process of monitoring the effectiveness of child protection policies and procedures in Dioceses and Religious Congregations and the first report is due to be included in the 2006 Annual Report to be published in 2007.

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. 18,481 were processed in 2006.

The future work and direction of COPCA will depend on the recommendations made by the *Cumberlege Commission* which was established during 2006 to conduct a five-year review of the implementation of the recommendations of the *Nolan Report*. The Commission is due to report in 2007.

### **Other Projects, Meetings, Property and Trust Administration**

#### *Faith in the Future*

A significant initiative for the Trust in the year under review is the launch of a fundraising initiative *Faith in the Future*. The assessment on the Dioceses has been static since 2003 and therefore the Bishops and the Trustees have sought to pursue other sources of funding. Five key areas for which funds are being sought have been identified: *Encouraging Young Faith* - Relating to the work of the Catholic Youth Service and the Parliamentary Internship scheme; *Promoting Dialogue between Religions* - Fostering a culture of dialogue in the UK and supporting Christian communities in the Middle East; *Proclaiming the Good News* - Supporting the work of CNN (Catholic Communications Network) and CASE (Catholic Agency to Support Evangelisation); *Supporting Ministry*: Establishing the St Luke's Wellness Centre for priests and religious and supporting the work of the National Vocations Office; *Faith in Action*: Supporting the Anti-Euthanasia Campaign (Care Not Killing).

Within these five priorities the Bishops have identified a number of specific projects based largely on existing work. To fund them properly, they have set a target of £11.5 million over five years to 2010. The projects have clearly defined objectives, with realistic budgets, clear accountability and defined outcomes.

The short term goals of the initiative are to reduce the working deficit of the Bishops' Conference in order to secure the existing work of the Bishops and to enable the expansion of projects where appropriate. The longer term goal of *Faith in the Future* is the building up a network of relationships between the Church and its lay members (and other interested people). Many who work in finance, industry, the law and other professions are willing to offer their own professional skills and knowledge in support of the ongoing work of the Church. The *Faith in the Future* campaign aims to facilitate this, creating a dialogue between the Bishops and lay people.

### **Other Projects, Meetings, Property and Trust Administration** (continued)

#### *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 is to make any recommendations for change taking account of statutory and good practice developments since the publication of the Nolan review and to consider the role of the central office (COPCA) in delivering these and any outstanding Nolan recommendations. The Commission is scheduled to report to the Bishops' Conference and the Conference of Religious during 2007.

#### *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 Trust Administrator have worked with professional advice to address issues relating to these properties with the intention of maximising the benefit to the Bishops' Conference.

### **Financial review**

The results for the year are shown on page 20. A detailed analysis of the results is provided on pages 8 to 9. The net movement in funds for the year was a surplus of £209,607.

The balance sheet shows total reserves of £9,616,917. Of this, £2,669,155 represents the net book value of the charity's tangible fixed assets and £5,102,660 represents the market value of the charity's investments. Restricted funds of £507,013 represent unexpended balances held on trust to be applied for specific purposes. General funds amount to £31,325 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 three month'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. In previous years a target for reserves of one year's expenditure was established. The trustees believe that a lower value is appropriate for the funding of working capital and short-term fluctuations in income and expenditure. The existence of the investments fund provides assurance that major contingencies could be met without the need to build up excessive liquid reserves.

### Financial review (continued)

#### *Reserves policy (continued)*

The value of CaTEW's reserves at 31 December 2006, following principles established by the Charity Commission, was £31,325 or less than one week's expenditure at 2006 levels. As the Trust seeks to increase reserves to the policy level, in order to ensure that sufficient funds could be made available if required, the trustees would access investment funds. These are currently held to generate income to finance the charity's activities which are not supported through Diocesan assessments and collections, therefore there would be a consequent reduction in future years' income.

### 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.

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 3.44% in 2006.

#### At 31st December 2006

Market value	Yield	Fund	Benchmark
£4.5m	£156k	12.4	13.0

### **Plans for the future**

For the future, the governance of the Trust will be adapted to facilitate the appointment of a Bishop nominated by the Bishops' Conference as chair. The Trust Board will seek to undertake, at the request of the Bishops' Conference a review of the expenditure associated with the work of the Church at the national level.

To secure the long term future and viability of the St Luke's Centre by reaching a mutually satisfactory agreement on the terms under which the Centre is housed within the Trust property.

To continue the development of the *Faith in the Future* initiative and so diversify the sources of funding available to the Bishops' Conference.

To provide the necessary resources and support to the Bishops' Conference and the Conference of Religious in implementing any recommendations accepted by them and made by the *Cumberlege Commission*.

To complete a review of the property holdings of the Trust and their use.

To develop a strategic plan for the period 2007- 2010 for the approval of the Bishops and implementation by the Trustee Board.

### **Auditors**

The auditors, Buzzacott, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the trustees

John Gibbs

Trustee

Approved by the board on: 6 June 2007

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

We have audited the financial statements on pages 20 to 42 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 22 to 24.

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 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.

**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 2006 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  
Chartered Accountants and Registered Auditors  
12 New Fetter Lane  
London  
EC4A 1AG

7 June 2007

## Consolidated statement of financial activities Year to 31 December 2006

	Notes	Unrestricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Incoming resources from generated funds					
. Voluntary income					
.. Diocesan assessments	1	1,107,887	601,567	<b>1,709,454</b>	1,700,343
.. Other voluntary income	2	49,303	934,185	<b>983,488</b>	626,722
. Activities for generating funds	3	42,983	—	<b>42,983</b>	14,864
. Investment income	4	369,177	6,967	<b>376,144</b>	326,622
Incoming resources from charitable	5	105,960	40,129	<b>146,089</b>	72,893
Other incoming resources		40,850	77,965	<b>118,815</b>	152,610
<b>Total incoming resources</b>		<b>1,716,160</b>	<b>1,660,813</b>	<b>3,376,973</b>	2,894,054
<b>Resources expended</b>					
Costs of generating funds	6	71,483	71,282	<b>142,765</b>	54,701
Charitable activities					
.. Bishops' Meetings, General Activities and Grant Making		520,284	3,660	<b>523,944</b>	613,025
.. Catholic Education and Formation		53,859	110,791	<b>164,650</b>	126,329
.. Christian Life and Worship		138,359	—	<b>138,359</b>	161,120
.. Christian Responsibility and Citizenship		284,081	260,709	<b>544,790</b>	304,507
.. Dialogue and Unity		168,583	142,274	<b>310,857</b>	358,296
.. Evangelisation and Catechesis		47,085	603,497	<b>650,582</b>	317,443
.. International Affairs		154,422	47,379	<b>201,801</b>	222,629
.. Catholic Communications Network		—	315,286	<b>315,286</b>	323,592
.. Catholic Agency for Protection of Children and Vulnerable Adults (COPCA)		—	416,706	<b>416,706</b>	373,231
.. Other Projects		—	83,105	<b>83,105</b>	87,266
Governance costs	20	20,050	—	<b>20,050</b>	14,806
<b>Total resources expended</b>		<b>1,458,206</b>	<b>2,054,689</b>	<b>3,512,895</b>	2,956,945
<b>Net incoming (outgoing) resources before transfers and investment asset disposals</b>		257,954	(393,876)	<b>(135,922)</b>	(62,891)
<b>Transfers between funds</b>	28	(395,196)	395,196	<b>—</b>	—
<b>Net (outgoing) incoming resources before investment asset disposals</b>		(137,242)	1,320	<b>(135,922)</b>	(62,891)
<b>Realised losses on disposal of investments</b>		(12,638)	—	<b>(12,638)</b>	(6,532)
<b>Net (outgoing) incoming resources before unrealised gains on investments</b>		(149,880)	1,320	<b>(148,560)</b>	(69,423)
<b>Unrealised gains on investments</b>		358,167	—	<b>358,167</b>	638,778
<b>Net movement in funds</b>		208,287	1,320	<b>209,607</b>	569,355
<b>Fund balances brought forward at 1 January 2006</b>		8,901,617	505,693	<b>9,407,310</b>	8,758,748
<b>Fund balances transferred from Catholic Youth Services</b>		—	—	<b>—</b>	79,207
<b>Fund balances carried forward at 31 December 2006</b>		<b>9,109,904</b>	<b>507,013</b>	<b>9,616,917</b>	9,407,310

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

## Consolidated balance sheet 31 December 2006

	Notes	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
<b>Fixed assets</b>					
Tangible assets	23	<b>2,669,155</b>	2,725,555	<b>2,669,155</b>	2,725,555
Investments					
. Investments	24	<b>5,102,660</b>	5,423,783	<b>5,127,660</b>	5,448,783
. Programme related investments	25	<b>1,419,514</b>	428,700	<b>1,419,514</b>	428,700
		<b>9,191,329</b>	8,578,038	<b>9,216,329</b>	8,603,038
<b>Current assets</b>					
Debtors	26	<b>316,140</b>	514,352	<b>289,752</b>	514,303
Cash at bank and on money market		<b>381,482</b>	1,089,760	<b>348,703</b>	1,068,454
		<b>697,622</b>	1,604,112	<b>638,455</b>	1,582,757
<b>Creditors:</b> amounts falling due within one year	27	<b>(272,034)</b>	(774,840)	<b>(250,799)</b>	(790,686)
<b>Net current assets</b>		<b>425,588</b>	829,272	<b>387,656</b>	792,071
<b>Total net assets</b>		<b>9,616,917</b>	9,407,310	<b>9,603,985</b>	9,395,109
<b>Represented by:</b>					
<b>Funds and reserves</b>					
Restricted funds	28	<b>507,013</b>	505,693	<b>507,013</b>	505,693
Unrestricted funds					
- Designated funds	29	<b>9,040,647</b>	8,149,338	<b>9,065,647</b>	8,174,338
- General fund		<b>31,325</b>	714,347	<b>31,325</b>	715,078
- Non charitable trading funds		<b>37,932</b>	37,932	<b>—</b>	—
		<b>9,616,917</b>	9,407,310	<b>9,603,985</b>	9,395,109

Approved by the trustees  
and signed on their behalf by:

John Gibbs

Trustee

Approved on: 6 June 2007

### **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 October 2005. Comparative figures for the year ended 31 December 2005 have been restated accordingly, this doesn’t affect the overall amounts reported. This is the first period in which the charitable company has followed SORP 2005 and a number of presentational changes have been made.

### **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 £3,350,217 and net outgoing resources of £135,892.

### **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.

**1 Diocesan assessments**

	Unrestricted	Restricted			Total 2006 £	Total 2005 £
	General £	Catholic Youth Services £	Ecumenical Instrument s £	Child Protection: COPCA* £		
Arundel and Brighton	58,275	7,708	7,482	16,449	<b>89,914</b>	74,861
Birmingham	89,960	11,905	11,556	25,393	<b>138,814</b>	139,372
Brentwood	58,053	7,688	7,462	16,387	<b>89,590</b>	85,660
Cardiff	22,822	3,027	2,938	6,442	<b>35,229</b>	37,579
Clifton	37,225	4,930	4,786	10,507	<b>57,448</b>	58,511
East Anglia	20,274	2,681	2,603	5,723	<b>31,281</b>	32,287
Hallam	14,181	1,881	1,826	4,003	<b>21,891</b>	26,302
Hexham and Newcastle	69,243	9,162	8,893	19,545	<b>106,843</b>	94,157
Lancaster	28,030	3,711	3,602	7,912	<b>43,255</b>	48,613
Leeds	52,071	6,889	6,687	14,698	<b>80,345</b>	72,326
Liverpool	79,546	10,530	10,221	22,453	<b>122,750</b>	129,696
Menevia	222	33	32	63	<b>350</b>	12,731
Middlesbrough	19,942	2,634	2,557	5,629	<b>30,762</b>	36,372
Northampton	35,120	4,639	4,503	9,913	<b>54,175</b>	55,707
Nottingham	44,426	5,880	5,707	12,540	<b>68,553</b>	63,269
Plymouth	24,263	3,212	3,118	6,849	<b>37,442</b>	34,076
Portsmouth	55,173	7,298	7,084	15,574	<b>85,129</b>	70,670
Salford	77,884	10,310	10,007	21,984	<b>120,185</b>	118,522
Shrewsbury	54,508	7,206	6,995	15,386	<b>84,095</b>	75,361
Southwark	96,608	12,779	12,405	27,301	<b>149,093</b>	160,159
Westminster	167,845	22,174	21,524	47,346	<b>258,889</b>	257,171
Wrexham	2,216	294	286	625	<b>3,421</b>	12,441
	<b>1,107,887</b>	<b>146,571</b>	<b>142,274</b>	<b>312,722</b>	<b>1,709,454</b>	<b>1,695,843</b>
Contribution from Bishopric of the Forces	—	—	—	—	—	4,500
	<b>1,107,887</b>	<b>146,571</b>	<b>142,274</b>	<b>312,722</b>	<b>1,709,454</b>	<b>1,700,343</b>

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 £	<b>2006 Total funds £</b>	2005 Total funds £
Legacies	200	7,929	<b>8,129</b>	57,163
General donations	8,557	—	<b>8,557</b>	9,443
Grants receivable	40,546	97,538	<b>138,084</b>	56,397
Donations towards the costs of				
. COPCA	—	5,007	<b>5,007</b>	285
. Communications	—	1,745	<b>1,745</b>	—
. Evangelisation (CASE)	—	47,531	<b>47,531</b>	45,672
. Parliamentary Internship Programme	—	11,500	<b>11,500</b>	1,180
. Vocations	—	4,842	<b>4,842</b>	11,160
. Youth work	—	1,593	<b>1,593</b>	—
. Holy Land	—	7,662	<b>7,662</b>	—
. National Justice and Peace Network	—	—	—	257
. Listed Churches database	—	1,500	<b>1,500</b>	—
Donations received from <i>Faith in the Future</i> fundraising initiative	—	155,012	<b>155,012</b>	—
World Communications Day	—	302,955	<b>302,955</b>	213,579
Day for Life	—	165,821	<b>165,821</b>	103,195
Home Mission Sunday	—	123,550	<b>123,550</b>	128,391
<b>Total</b>	<b>49,303</b>	<b>934,185</b>	<b>983,488</b>	<b>626,722</b>

**3 Activities for generating funds**

	Unrestricted funds £	Restricted funds £	<b>2006 Total funds £</b>	2005 Total funds £
Trading income of subsidiary	42,983	—	<b>42,983</b>	14,864

#### 4 Investment income

	Unrestricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
Income from listed investments				
. UK fixed interest	42,313	—	<b>42,313</b>	53,467
. Overseas fixed interest	6,992	—	<b>6,992</b>	7,156
. UK Equities	93,806	—	<b>93,806</b>	77,811
. Overseas Equities	9,536	—	<b>9,536</b>	6,032
. Common investment funds	9,626	—	<b>9,626</b>	9,269
. Other listed investments	14,088	—	<b>14,088</b>	1,075
	<u>176,361</u>	<u>—</u>	<u><b>176,361</b></u>	<u>154,810</u>
Income from investment property				
. Rental income	65,080	—	<b>65,080</b>	36,972
Other rent received	88,378	—	<b>88,378</b>	77,946
Interest receivable				
. Bank interest	29,849	6,967	<b>36,816</b>	43,635
. Loans	9,509	—	<b>9,509</b>	13,259
	<u>39,358</u>	<u>6,967</u>	<u><b>46,325</b></u>	<u>56,894</u>
<b>Total</b>	<u>369,177</u>	<u>6,967</u>	<u><b>376,144</b></u>	<u>326,622</u>

#### 5 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
Conference income	105,960	40,129	<b>146,089</b>	72,893

## 6 Costs of generating funds

	Unrestricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
Costs of generating voluntary income	1,325	14,360	<b>15,685</b>	36,185
Fundraising costs				
. Staff costs	—	19,665	<b>19,665</b>	—
. Accommodation and other costs	—	37,257	<b>37,257</b>	—
	—	56,922	<b>56,922</b>	—
Investment management costs	43,403	—	<b>43,403</b>	18,293
Costs of trading subsidiary	26,755	—	<b>26,755</b>	223
<b>Total</b>	<b>71,483</b>	<b>71,282</b>	<b>142,765</b>	<b>54,701</b>

## 7 Expenditure on charitable activities

	Direct costs £	Grants paid (note 9) £	Allocated costs £	2006 Total funds £	2005 Total funds £
Bishops' Meetings and Activities (note 8)	216,988	243,461	63,495	<b>523,944</b>	613,025
Catholic education and formation (note 10)	92,109	—	72,541	<b>164,650</b>	126,329
Christian Life and Worship (note 11)	88,121	—	50,238	<b>138,359</b>	161,120
Christian Responsibility and Citizenship (note 12)	319,501	147,315	77,974	<b>544,790</b>	304,507
Dialogue and Unity (note 13)	263,082	—	47,775	<b>310,857</b>	358,296
Evangelisation and Catechesis (note 15)	503,803	—	146,779	<b>650,582</b>	317,443
International Affairs (note 16)	151,749	—	50,052	<b>201,801</b>	222,629
Catholic Communications Network (note 17)	267,011	—	48,275	<b>315,286</b>	323,592
Catholic Office for the Protection of Children and Vulnerable Adults (note 18)	365,426	—	51,280	<b>416,706</b>	373,231
Other projects (note 19)	72,417	—	10,688	<b>83,105</b>	87,266
	<b>2,340,207</b>	<b>390,776</b>	<b>619,097</b>	<b>3,350,080</b>	<b>2,887,438</b>

**7 Expenditure on charitable activities** (continued)

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

	<b>2006 Costs £</b>	Basis of apportionment
Staff costs	<b>222,953</b>	Straight line
Premises costs – Eccleston Square	<b>75,907</b>	Head count
Premises costs – West Heath Road	<b>35,376</b>	Pro rata basis
Legal costs – West Heath Road	<b>44,005</b>	Straight line
Other costs	<b>240,856</b>	Pro rata basis
	<b>619,097</b>	

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

**8 Bishops' Meetings and General Activities**

	Staff costs £	Other operating costs £	<b>2006 Total direct costs £</b>	2005 Total direct costs £
Bishops' Meetings and General Activities	—	216,988	<b>216,988</b>	213,437

**9 Grant making activities in support of other bodies**

	Unrestricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
<b>Category 1</b>				
Catholic Evangelical Services	1,000	—	<b>1,000</b>	1,000
Youth 2000	500	—	<b>500</b>	500
Christian Survivors of Sexual Abuse	1,500	—	<b>1,500</b>	—
St. Cassian's Centre	1,920	—	<b>1,920</b>	—
Franciscan Int Study Centre	1,979	—	<b>1,979</b>	—
Engaging with Contemporary Spirituality	1,000	—	<b>1,000</b>	—
Standing Committee Discretionary Grants	700	—	<b>700</b>	—
<b>Category 2</b>				
National Board of Catholic Women	8,500	—	<b>8,500</b>	8,000
NBCW (Development Officer)	13,000	—	<b>13,000</b>	13,000
National Conference of Priests	11,000	—	<b>11,000</b>	11,000
National Council of Lay Associations	7,000	—	<b>7,000</b>	7,000
Catholic Chaplains in Higher Education	10,500	—	<b>10,500</b>	10,500
Joint Bio-Ethics Committee	3,870	—	<b>3,870</b>	3,870
CARITAS Social Action	104,926	—	<b>104,926</b>	40,000
<b>Category 3</b>				
Catholic Scout Chaplaincy Trust	—	—	—	1,000
Young Christian Workers (National)	1,000	—	<b>1,000</b>	1,755
Young Christian Workers (Chaplaincy)	12,312	—	<b>12,312</b>	12,312
Linacre Centre	—	70,000	<b>70,000</b>	20,000
<b>Category 4</b>				
SIGNIS (OCIC)	1,392	—	<b>1,392</b>	1,408
Independent Catholic News	—	—	—	2,000
DCO's Forum	1,000	—	<b>1,000</b>	1,000
Churches Media Council	6,000	—	<b>6,000</b>	7,000
<b>Category 5</b>				
Research grant to University of York	—	—	—	15,103
History of English College Lisbon	3,547	—	<b>3,547</b>	—
<b>Subscriptions</b>				
Group for Evangelisation of CTE	1,000	—	<b>1,000</b>	—
Christian Enquiry Agency	750	—	<b>750</b>	—
Catholic Biblical Federation	701	—	<b>701</b>	697
Churches Main Committee	5,720	—	<b>5,720</b>	5,439
Council of European Bishops' Conferences (CCEE)	6,679	—	<b>6,679</b>	6,567
Commission of the Bishops' Conference of the European Community (COMECE)	6,590	—	<b>6,590</b>	6,527
ICEPEL Subscription	25,000	—	<b>25,000</b>	—
<b>Other</b>				
Catholic Youth Services +	—	—	—	146,570
Hospices	—	50,000	<b>50,000</b>	—
Parliamentary Internships programme	—	27,315	<b>27,315</b>	26,013
Education travel grants	—	3,660	<b>3,660</b>	1,000
Joint Dialogue Group	715	—	<b>715</b>	4,303
	<b>239,801</b>	<b>150,975</b>	<b>390,776</b>	<b>353,564</b>

+ The activities and total net assets were gifted to CaTEW on 31 December 2005.

**10 Catholic Education and Formation**

	Staff costs £	Other operating costs £	<b>2006 Total direct costs £</b>	2005 Total direct costs £
Department costs	3,651	15,881	<b>19,532</b>	973
National Office for vocation	50,521	22,056	<b>72,577</b>	64,439
	<u>54,172</u>	<u>37,937</u>	<u><b>92,109</b></u>	<u>65,412</u>

**11 Christian Life and Worship**

	Staff costs £	Other operating costs £	<b>2006 Total direct costs £</b>	2005 Total direct costs £
Department costs	57,664	30,457	<b>88,121</b>	85,302

**12 Christian Responsibility and Citizenship**

	Staff costs £	Other operating costs £	<b>2006 Total direct costs £</b>	2005 Total direct costs £
Department costs	141,731	72,106	<b>213,837</b>	154,827
Day for Life	10,300	85,040	<b>95,340</b>	31,079
Parliamentary Internship Programme	—	10,324	<b>10,324</b>	32,789
	<u>152,031</u>	<u>167,470</u>	<u><b>319,501</b></u>	<u>218,695</u>

**13 Dialogue and Unity**

	Staff costs £	Other operating costs £	<b>2006 Total direct costs £</b>	2005 Total direct costs £
Subscriptions and Ecumenical Instruments (note 14)	—	186,427	<b>186,427</b>	188,221
Department costs	54,946	21,709	<b>76,655</b>	86,212
	<u>54,946</u>	<u>208,136</u>	<u><b>263,082</b></u>	<u>274,433</u>

#### 14 Subscriptions for ecumenical instruments

	Unrestricted funds £	Restricted funds £	2006 Total direct costs £	2005 Total direct costs £
Churches Together in Britain and Ireland (CTBI)	—	57,861	<b>57,861</b>	57,861
Churches Together in England (CTE)	—	51,661	<b>51,661</b>	51,661
Churches Together in Wales (CYTUN)	—	32,752	<b>32,752</b>	32,752
CTBI Interfaith	4,908	—	<b>4,908</b>	4,908
CTBI Racial Justice	10,393	—	<b>10,393</b>	10,393
Churches Commission on Mission	28,337	—	<b>28,337</b>	30,131
Churches Commission for International Students	515	—	<b>515</b>	515
	<b>44,153</b>	<b>142,274</b>	<b>186,427</b>	<b>188,221</b>

#### 15 Evangelisation and Catechesis

	Staff costs £	Other operating costs £	2006 Total direct costs £	2005 Total direct costs £
Department costs	3,651	9,830	<b>13,481</b>	14,320
CASE	153,113	107,104	<b>260,217</b>	236,093
Catholic Youth Services	68,778	161,327	<b>230,105</b>	—
	<b>225,542</b>	<b>278,261</b>	<b>503,803</b>	<b>250,413</b>

#### 16 International Affairs

	Staff costs £	Other operating costs £	2006 Total direct costs £	2005 Total direct costs £
Department costs	81,562	22,808	<b>104,370</b>	99,2115
Office for Refugee Policy	45,216	2,163	<b>47,379</b>	45,627
	<b>126,778</b>	<b>24,971</b>	<b>151,749</b>	<b>144,842</b>

#### 17 Catholic Communications Network

	Staff costs £	Other operating costs £	2006 Total direct costs £	2005 Total direct costs £
Catholic Communications Network	161,330	105,681	<b>267,011</b>	291,342

**18 Catholic Agency for the Protection of Children and Vulnerable Adults**

	Staff costs £	Other operating costs £	<b>2006 Total direct costs £</b>	2005 Total direct costs £
Catholic Agency for the Protection of Children and Vulnerable Adults	158,910	206,516	<b>365,426</b>	339,393

**19 Other Projects**

	Staff costs £	Other operating costs £	<b>2006 Total direct costs £</b>	2005 Total direct costs £
Cumberlege Commission	1,469	27,341	<b>28,810</b>	—
Other projects	2,934	40,673	<b>43,607</b>	88,560
	4,403	68,014	<b>72,417</b>	88,560

**20 Governance costs**

	Unrestricted funds £	Restricted funds £	<b>2006 Total funds £</b>	2005 Total funds £
Audit fees	15,863	—	<b>15,863</b>	13,512
Trustees' expenses	2,988	—	<b>2,988</b>	1,294
Other governance costs	1,199	—	<b>1,199</b>	—
	20,050	—	<b>20,050</b>	14,806

**21 Staff costs and trustees' remuneration**

	<b>2006 £</b>	2005 £
Staff costs during the year were as follows:		
Wages and salaries	<b>1,064,332</b>	1,059,232
Social security costs	<b>113,276</b>	84,582
Other pension costs	<b>60,786</b>	55,974
Total staff costs	<b>1,238,394</b>	1,199,788

**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:

	<b>Average 2006</b>	Average 2005	<b>2006 FTE</b>	2005 FTE
General Secretariat	<b>19</b>	20	<b>19</b>	17
Catholic Communications Network	<b>4</b>	3	<b>4</b>	3
COPCA	<b>4</b>	3	<b>4</b>	3
National Office for Vocation	<b>3</b>	3	<b>2</b>	3
CASE	<b>8</b>	7	<b>6</b>	5
CYS	<b>3</b>	—	<b>2</b>	—
	<b>41</b>	36	<b>37</b>	31

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

	<b>2006</b>	2005
£60,001 – £70,000	<b>1</b>	1
£70,001 – £80,000	—	1
£80,001 – £90,000	<b>1</b>	—
	<b>2</b>	2

No trustees received any remuneration for their services in the year (2006 – none). Travel expenses of £2,988 were reimbursed to four trustees during the year (2006 – £1,294).

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 £
<b>Cost or valuation</b>			
As at 1 January 2006	2,801,888	309,057	<b>3,110,945</b>
Additions	24,013	18,744	<b>42,757</b>
Elimination of fully depreciated items	—	(210,572)	<b>(210,572)</b>
Disposals	—	(1,312)	<b>(1,312)</b>
As at 31 December 2006	2,825,901	115,917	<b>2,941,818</b>
<b>Depreciation</b>			
As at 1 January 2006	169,898	215,492	<b>385,390</b>
Charge for the year	28,821	69,680	<b>98,501</b>
Elimination of fully depreciated items	—	(210,572)	<b>(210,572)</b>
Disposals	—	(656)	<b>(656)</b>
As at 31 December 2006	198,719	73,944	<b>272,663</b>
<b>Net book values</b>			
At 31 December 2006	2,627,182	41,973	<b>2,669,155</b>
At 31 December 2005	2,631,990	93,565	<b>2,725,555</b>

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 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Investment properties (UK)	<b>565,000</b>	565,000	<b>565,000</b>	565,000
Listed investments	<b>4,537,660</b>	4,858,783	<b>4,537,660</b>	4,858,783
Investment in subsidiary company (UK)	—	—	<b>25,000</b>	25,000
	<b>5,102,660</b>	5,423,783	<b>5,127,660</b>	5,448,783

**24 Investments** (continued)

<b>Listed investments and cash held for re-investment – Group and charity</b>	<b>2006</b>	2005
	<b>£</b>	<b>£</b>
<b>Listed investments</b>		
Market value at 1 January 2006	<b>4,791,778</b>	3,955,080
Additions at cost	<b>552,067</b>	1,135,124
Disposal proceeds	<b>(1,265,979)</b>	(930,672)
Net investment gains	<b>345,529</b>	632,246
Market value at 31 December 2006	<b>4,423,395</b>	4,791,778
<b>Cash held by investment managers for re-investment</b>	<b>114,265</b>	67,005
	<b>4,537,660</b>	4,858,783
Cost of listed investments at 31 December 2006	<b>3,348,488</b>	3,947,532

All listed investments were dealt on recognised stock exchanges.

Listed investments held at 31 December 2006 comprised the following:

	<b>Group and Charity</b>	Group and Charity
	<b>2006</b>	2005
	<b>£</b>	<b>£</b>
UK Fixed Interest	<b>636,347</b>	1,245,628
Overseas Fixed Interest	<b>140,974</b>	143,888
UK Equities	<b>2,589,549</b>	2,432,164
Overseas Equities	<b>764,267</b>	734,307
Common investment funds	<b>141,310</b>	184,191
Other listed investments	<b>150,948</b>	51,600
	<b>4,423,395</b>	4,791,778

At 31 December 2006 the following individual investment holdings were considered material in the context of the entire listed portfolio as at that date:

<b>Holding</b>	<b>Market value of holding</b>	<b>% of total portfolio</b>
	<b>£</b>	<b>%</b>
M&G Securities Limited Charifund	<b>402,803</b>	9.11
Invesco Perpetual Income & Growth Income Units	<b>390,437</b>	8.83
Liontrust First Income Fund Units	<b>248,677</b>	5.62

**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 2006, which have been included in the consolidated financial statements.

	<b>2006</b>	2005
	<b>£</b>	£
Turnover	<b>42,983</b>	14,863
Cost of sales	<b>(24,656)</b>	(223)
Gross profit	<b>18,327</b>	14,640
Interest receivable	—	387
Administrative expenditure	<b>(2,099)</b>	(1,951)
Gift Aid	<b>(16,228)</b>	(8,076)
Net profit for the year	—	5,000
Retained profit at 1 January 2006	<b>12,932</b>	7,932
Retained profit at 31 December 2006	<b>12,932</b>	12,932
Called up share capital	<b>25,000</b>	25,000
At 31 December 2006	<b>37,932</b>	37,932

**25 Programme related investments**

	<b>2006</b>	2005
	<b>£</b>	£
Group and charity		
St Luke's Centre	<b>1,000,000</b>	—
Venerable English College, Rome	<b>419,514</b>	428,700
	<b>1,419,514</b>	428,700

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 is interest free.

## 26 Debtors

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Loan to Plater College Trustees	—	309,799	—	309,799
Loan to Lisbon College	—	22,342	—	22,342
Prepayments	<b>43,679</b>	39,453	<b>43,679</b>	39,453
Other debtors	<b>272,461</b>	142,758	<b>246,073</b>	142,709
	<b>316,140</b>	514,352	<b>289,752</b>	514,303

The Plater College Trust is a registered charity (Charity Registration Number 309719). A loan was provided to the trust during the year ended 31 December 2005 of £309,799. The terms of the agreement allowed the charity to provide a loan of up to £500,000. The Plater College Trust paid interest at 1.5% per annum above the base rate of HSBC Bank plc. The loan was repaid in full during the year ended 31 December 2006.

## 27 Creditors: amounts falling due within one year

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Income in advance	—	513,622	—	513,622
Expense creditors	<b>56,339</b>	87,199	<b>56,339</b>	87,199
Social security and other taxes	<b>33,602</b>	30,549	<b>33,602</b>	30,549
Accruals and deferred income	<b>137,759</b>	85,175	<b>137,759</b>	85,175
Other creditors	<b>44,334</b>	58,295	<b>19,607</b>	74,141
Amounts due to trading subsidiary	—	—	<b>3,492</b>	—
	<b>272,034</b>	774,840	<b>250,799</b>	790,686

## 28 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.

	At 1 January 2006 £	Incoming resources £	Resources expended £	Transfers between funds £	At 31 December 2006 £
Catholic Youth Reserve	50,388	1,513	—	—	<b>51,901</b>
Diocesan Reserve	100,755	1,686	(3,660)	—	<b>98,781</b>
Day for Life	62,791	166,480	(219,205)	3,865	<b>13,931</b>
Catholic Communications Network (CCN)	66,926	328,333	(323,250)	34,823	<b>106,832</b>
Office for Refugee Policy	—	59,604	(47,379)	—	<b>12,225</b>
Child Protection Reserve	83,190	397,420	(416,706)	51,280	<b>115,184</b>
Cumberlege Commission	—	—	(32,675)	3,865	<b>(28,810)</b>
Lisbon Property Maintenance	55,107	1,109	(30,267)	—	<b>25,949</b>
Fundraising	(7,862)	149,645	(56,922)	—	<b>84,861</b>
CASE	—	181,623	(334,466)	152,843	—
National Office for Vocations	4,663	8,048	(110,791)	98,080	—
Internships	(1,943)	26,500	(41,504)	3,865	<b>(13,082)</b>
Catholic Youth Service	79,207	175,043	(275,425)	39,752	<b>18,577</b>
Ecumenical Instruments	—	142,274	(142,274)	—	—
Other funds	12,471	21,535	(20,165)	6,823	<b>20,664</b>
	<b>505,693</b>	<b>1,660,813</b>	<b>(2,054,689)</b>	<b>395,196</b>	<b>507,013</b>

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.

**28 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.

*Lisbon Property Maintenance 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.

*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.

*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.

**28 Restricted funds** (continued)

*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.

**29 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:

<b>Group and charity</b>	At 1 January 2006 £	Designated/ released in year £	<b>At 31 December 2006 £</b>
Tangible fixed assets fund	2,725,555	(56,400)	<b>2,669,155</b>
Investments fund	5,423,783	947,709	<b>6,371,492</b>
	8,149,338	891,309	<b>9,040,647</b>

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 28)). 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.

**30 Analysis of net assets between funds**

Group	General funds £	Designated funds £	Trading subsidiary £	Restricted funds £	Total 2006 £
<b>Fund balances at 31 December 2006</b>					
<b>Are represented by:</b>					
Fixed assets	—	2,669,155	—	—	<b>2,669,155</b>
Investments	—	6,371,492	—	150,682	<b>6,522,174</b>
Current assets	262,404	—	78,887	356,331	<b>697,622</b>
Creditors: amounts falling due within one year	(231,079)	—	(40,955)	—	<b>(272,034)</b>
<b>Total net assets</b>	<b>31,325</b>	<b>9,040,647</b>	<b>37,932</b>	<b>507,013</b>	<b>9,616,917</b>
Accumulated unrealised gains on investments included in the above	—	1,074,907	—	—	<b>1,074,907</b>

**31 Leasing commitments**

Operating leases

At 31 December 2006, the charity had annual commitments under non-cancellable operating leases which expire as follows:

	Land and buildings		Equipment	
	2006 £	2005 £	2006 £	2005 £
Operating leases which expire:				
Within one year	<b>32,533</b>	15,400	<b>964</b>	—
Within two to five years	—	21,000	<b>2,194</b>	3,175
Over five years	—	—	—	846
	<b>32,533</b>	36,400	<b>3,158</b>	4,021