The Pious Society of the Daughters of St Paul

Annual Report and Accounts

31 December 2019

Charity Registration Numbers: 296042 (England and Wales) SC037889 (Scotland)

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

Trustees Sister Angela Grant fsp (Delegate Superior)

Sister Rosetta (Gregoria) Mignolli fsp

(Bursar until May 2019)

Sister Elaine Penrice fsp (appointed January

2019)

Sister Mary Ann Salvilla fsp (Bursar, appointed

January 2019)

Council Sister Angela Grant fsp

Sister Maria Healy fsp Sister Mary Ann Salvilla fsp Sister Elaine Penrice fsp

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Charity registration numbers 296042 (England and Wales)

SC037889 (Scotland)

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Trustees' Report 31 December 2019



...communicating

the Gospel in the spirit of St Paul...



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...communicating the Gospel in the spirit of St Paul...



























Trustees' report 31 December 2019

The Trustees present their statutory report together with the accounts of the Pious Society of the Daughters of St Paul ("the charity") for the year ended 31 December 2019. The charity trades under the name Pauline Books & Media.

The accounts have been prepared in accordance with the accounting policies set out on pages 28 to 33 of this document and comply with the charity's trust deed, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Daughters of St Paul ("the Congregation") is an international Roman Catholic religious Congregation founded by Blessed James Alberione in Alba, Italy, in 1915. Mother Thecla Merlo was the co-foundress and first Superior General of the Daughters of St Paul. Mother Thecla died on 5 February 1964 and was proclaimed "Venerable" on 22 January 1991.

In terms of Canon Law the Congregation of the Daughters of St Paul is an Institute of Pontifical status.

On 1 January 2019 the Daughters of St Paul numbered 2,092 sisters throughout 51 countries composed of 227 communities. The Congregation forms part of a worldwide group of congregations known as the Pauline Family. The Daughters of St Paul follow the Congregation's Constitutions and Directory, approved by the Holy See on 26 January 1984.

Mission

As stated in the Constitutions of the Congregation, the name 'Daughters of St Paul' expresses a fundamental relationship with St Paul the Apostle. The main objective of the Congregation is the perfection of charity to be attained through the spirit and practice of the evangelical counsels of poverty, chastity and obedience in common life and to communicate the Good News of Jesus Christ in the world with the most modern means of social communication.

Pauline Books & Media ensures that, at all times, it is acting in the public benefit and the Trustees confirm that they have paid due regard to the Charity Commission's public benefit guidance.

Chapels in Pauline Books & Media Centres are open to the public for prayer and masses. In view of public benefit and a culture of education, Pauline Books & Media seek to provide resources and occasions of encounter to help all people grow in faith and peace. Pauline Books & Media also send products to their communities in poorer countries for distribution in schools and parishes.

As Pauline Books & Media continues to reach out to new people, the sisters explore the most modern ways of proclaiming Jesus Christ to the world. Aware of the potential of the internet, social media and developments in technology, they avail of these new means and appreciate the interest and feedback they receive from the public.

Objectives, activities and relevant policies

Pauline Books & Media

"We believe that bookshops are cultural and community assets – the bookshops and the booksellers who run them are clearly High Street Heroes."

(The Bookseller Association Annual Review 2019)

The Charity's activities are carried out at 5 locations throughout the UK: Langley, London, Liverpool, Newcastle and Glasgow. The primary way it serves the people of the UK is through the pastoral and educational ministries carried out in these locations, and through the website and social media channels.

Pauline Books & Media productions are resources sourced, or commissioned and distributed by the charity in order to support local communities in their faith journey and their educational programmes. Products developed by the sisters are one of the main ways in which they carry out their mission and objectives, as well as being on one of their primary sources of income which is used wholly to support the objectives of the charity are



not just book shops, but pastoral centres where people of all faiths or none can feel welcome and free to explore the most profound questions of the human heart. Sisters and staff are on hand to advise and offer a friendly word or a listening ear to all who come.

London

On the evening of 18 February, Pauline Books & Media in Kingston hosted a well-attended presentation on journeying through Lent in the spirituality of Saint Ignatius. This was an opportunity for Dr Gemma Simmonds to present her new book, and for the people of London to prepare themselves for the spiritual journey towards Easter. The invitation was open to all and many people of diverse backgrounds came in and appreciated the warm atmosphere shared by everybody.

Towards the end of November we were invited by a parish priest to come to his church on a Sunday to make available resources which would help is parishioners grow in their faith and especially to celebrate the *Year of the Word* which the Catholic Church in England & Wales is celebrating in 2020. This is a year in which the church hopes people will be able to become more familiar with the Christian Scriptures. The day was well appreciated by all.

Dear Sister Lalaine,

Warmest greetings once again from White City – I hope this finds you and all the team well.

London (continued)

This is just a short email to say a huge, if belated, "thank you" for your visit to the parish a couple of weeks ago. It was really wonderful to be able to welcome you all to the parish. It was great to have your witness and your presence. Many thanks for the receipt as well and the beautiful calendar – much appreciated!

Father Richard

Parish Priest, Our Lady of Fatima Church.

Liverpool

Pauline Books & Media in Liverpool is truly a centre point of the local Catholic community,

and provides a much-appreciated point of information on many local events. In January a well loved local author died, and the book centre shared relevant Reception of the Body on Tuesday, 29th January, at 8.00pm St Heien's information on its Facebook page.



The Funeral arrangements for Fr Daniel O'Leary RIP

Catholic Church, 112, Alexandra Road, Crosby, Liverpool L23 7TQ Requiem Mass on Wednesday, 30th January, at 12.30pm St Helen's Catholic Church, 112, Alexandra Road, Crosby, Liverpool L23 7TQ followed by cremation at Thornton Garden of Rest, Lydiate Lane, Thornton, Liverpool L23 1TP (Fr Donal's ashes will be taken back to Ireland). Refreshments will be served at St George's Parish Hall, Station Road, Maghull, and Liverpool.

"I expect it was his choice to have his funeral in Liverpool as he was an amazing, inspiring person who touched many lives both in his writings and his



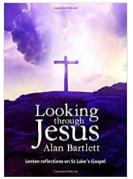
personal encounters. He was an exceptional human being and Priest in the Leeds diocese but his presence and goodness reached far beyond, so many blessings to him and his family!

May he rest in Peace."

Rosalie Crowley on Facebook

Newcastle

Likewise in Pauline Books & Media in Newcastle, located in the grounds of Newcastle Cathedral, is at the centre of a rich and varied worshiping community. As with the other



locations, the Newcastle centre enriches the local community by hosting intellectually stimulating events, like this Meet the author event on Friday 1 March in the book centre.

"Local author and clergyman, Alan Bartlett introduces us to his very accessible and thought-provoking Lenten companion.

In 47 daily Lenten reflections on readings from Luke's Gospel, beginning on Ash Wednesday, Alan Bartlett examines how we see Jesus. Everyone is welcome."

The Rev. Alan Bartlett is an Anglican minister. Pauline Books & Media seeks to serve all denominations, religious, and those with none.

Christmas Book Appeal

One of the most rewarding initiatives which was held across Pauline Books & Media centres was the Christmas Book appeal.

This year the book centres encouraged their customers to purchase a children's book, which were wrapped and donated to a local children's charity. This gave the local community the opportunity to help those with limited resources at this significant time of year, and helped children of all backgrounds benefit from the gift of a book at Christmastime, hopefully encouraging them to become avid adult readers one day.



Glasgow



Pauline Books & Media Centre in Glasgow opens up its meeting room for a variety of purposes. Here on the 27th of April guests came and enjoyed refreshments whilst listening to a poet read from her newly published book. The centre caters for all ages, faiths and backgrounds and is well-known location for events and group gatherings. The cultural contribution to the local community as well as the social networking it supports is one of the things the Charity is very proud of.

"It was just wonderful to be there and HEAR Madeleine reading her poems! Will now read them all in a different light!"

Muriel Wilson on Facebook

University of Glasgow

Pauline Books & Media in Glasgow also have a good workingrelationship with the University of Glasgow. They work especially well with those who are preparing to be teachers. This year the book centre welcomed students and gave them an overview of the resources they may find helpful in their professional careers.



Glasgow (continued)

University of Glasgow (continued)
Of course, it's not all about the grown-ups!





Pauline Books & Media in Glasgow regularly welcome children into the book centre and offer them fun and activities geared at their well-rounded education. The images above show examples of events held throughout the year which will help them feel a sense of belonging and give them the confidence to engage with the world.

Langley





At the end of January 2019, the Langley community invited a local school to come for a class on Exploring the life and messages of St. Paul in a creative way through scripture, media, music and drama.

Another privilege of the Langley community is to be well-placed to bring old and young together. Building up local communities and encouraging relationships between generations is a positive outcome for all involved. This event took place in the chapel, between the local community in Langley, and the local primary school.



Vocations Ministry





Discovering what to do with your life is one of the many challenges young adults have to work at these days. The pressures of modern-day life can leave many people hesitant to make some of the most satisfying but daunting life-decisions. The Daughters of St Paul work with the local church to help such young people feel supported and guided in this important time of their lives. The sisters in all of their communities host discernment days of prayer and reflection with guided meditation and talks, as well as simply giving space for these discerners to think and pray.

www.pauline-uk.org The Pauline Books & Media website is a sector of the Daughters of St Paul's mission which has seen some small growth in recent years. The website is that space where the sisters have the opportunity to support those who are not able to come into the high street book and pastoral centres. Besides providing products for purchase, the website has the facility to accept prayer-requests as well as providing the general public with information about the Daughters of St Paul. Steps have been taken to expand the effectiveness of the website in 2019, with further plans to expand the resources offered to be commensurate with the bricks-and mortar centres in the immediate future. This move is taken in the belief that the cultural environment of today necessitates responses of this kind, and will enable Pauline Books & Media to respond to an ever-new and changing audience.

Coronavirus pandemic

On 12 March 2020, the WHO declared the Covid-19 virus a pandemic.

From 23 March 2020, the UK Government announced certain restrictive measures which aimed to curtail the spread of the Covid-19 virus.

These historical events ushered in unprecedented times in which the ordinary lives of people, businesses and charities changed dramatically. The UK Government and devolved governments imposed radical but necessary closures of all non-essential services. Those non-essential services included the ordinary business of churches, schools and bookshops. These services had been the daily business of the work of this charity and of Pauline Books & Media. These enforced closures meant that Pauline Books & Media had to suspend almost all of its charitable activities. These circumstances have inevitably impacted the charity's ability to carry out its mandate, and consequently have also had an impact on the financial position of the charity.

Coronavirus pandemic (continued)

Impact on the community members of the Daughters of St Paul

The day to day work of the sisters who were responsible for working in the book centres changed dramatically. Instead of full-time working hours, the sisters took the time to do additional cleaning and stock-control in the book centres, whilst using the extra time to rest, study or pray. The other sisters continued to work from home.

All members of the community co-operated in trying to decrease expenditure. This was done by carefully monitoring the food and supplies in each community to try and reduce costs as much as possible. Community members all contributed by sacrificing many things, not least haircuts and non-essential purchases. Savings were also made by many sisters sacrificing holidays in their home countries, and making their annual week-long retreat at home. All community members sought to comply with government guidelines regarding restricted movement, hygiene and social distancing. The impact of these social changes and the ensuing financial insecurity had negative psychological and physical implications for many of the sisters.

Despite the UK Government allowing non-essential shops to eventually re-open, Pauline Books & Media decided not to reopen immediately because many sisters who staff the book centres are over 70 years old, and reopening was deemed an unnecessary risk to community members.

Impact on the mission of the Daughters of St Paul

The mission carried out through the Pauline Books & Media book centres has consequently suffered greatly. The charity was not able to host any gatherings at all during the restricted period. Outreach was also inhibited because the sisters were not able to attend churches or other organised events at which they would ordinarily be present. However, during the months of closure, other activities which are supplementary to the book centres and outreach continued, and the sisters continued to work on new products for sale through Pauline Books & Media.

General Government and British Delegation

During their meetings the Trustees reflect on governance issues including the "Relationship with our Generalate in Rome". In view of the expenses incurred by the General Government which is at the service of the Congregation worldwide, each circumscription (Province or Delegation) is asked to contribute a percentage (2%) of turnover to cover part of such costs.

The British Delegation (Daughters of St Paul)

The British Delegation of the Daughters of St Paul, is made up of 21 sisters from 7 different countries: Ireland, Italy, Kenya, Malta, Philippines, Scotland and the USA. The Trustees are: Sister Angela Grant fsp, (Chair), Sister Mary Ann Salvilla fsp (Bursar), Sister Elaine Penrice fsp (Secretary) and Sister Rosetta Mignolli fsp. They are aware of their specific roles and ensure that all resources are used efficiently and effectively to further the charitable objects (evangelisation through the media of social communication). The Chair, Sister Angela Grant, keeps up to date with the Charity Commission in England and Wales and the Office of the Scottish Regulator (announcements and publications) to ensure that the Trustees comply with all legal and regulatory requirements.

Delegation Chapter Meeting 2019

From 27 – 28 January 2019, all of the sisters of the delegation met in Langley to reflect on our mission in the UK and forward-plan for our continuing presence in the UK. Besides this, we invited Francesca Smith to come and give us an update on the topic of safeguarding, and we also invited two of our advisory board, Mr Peter and Jane Donaghue to finalise the paperwork for registering the Lasting Power of Attorney for all the sisters.

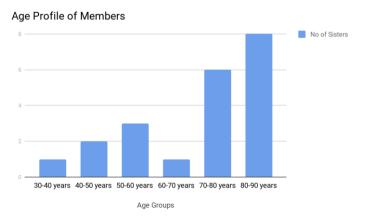
Looking to the future

Mapping a way forward

The Trustees of the charity have worked to plan ways forward, which will sustain the charity's work in the near future:

- The www.paulineuk.org website has been integrated with the book centre database, meaning that the charity's online presence has been strengthened. The website can now provide access to almost all of the same resources available in our book centres for the wider public, who for some reason or another cannot access our physical centres. This will not only provide easier access for potential clients, but also make possible an increased income from our website.
- The Trustees have obtained permission from the General Government of the Daughters of St Paul, to sell some properties and purchase other new properties, in view of reorganising the mission and the communities. This will have the additional effect of releasing some funds which until now have remained tied up in fixed assets.

With the financial climate in the UK at the moment, and the responsibility to care and provide for the members of the religious community who have been entrusted with the mission and activities of the institute, there is a recognisable financial challenge that is only being sustained by the good stewardship of preceding decades. This, however, has become increasingly difficult, compounded by the reality that the average age of the sisters is 70 years. Of 21 members, only 7 of these are under the average age, and one of these is currently not active in the community. This personnel situation has little prospect of amelioration in the short or medium term.



Looking to the future (continued)

Mapping a way forward (continued)

Presently there are 4 sisters who are responsible for leadership and management of the charity, all of whom carry out other responsibilities in the mission. The community leader is overseeing the direction and management of all locations, the board of advisers and frequently supports mission activities throughout the UK. 1 sister is full time overseeing the care of the elderly members and the day-to-day management of the Langley house where the active community and guests are also catered for. 1 sister is the Bursar, who supports staff in the local Pauline Books & Media centres. 1 sister works three days a week with the Catholic Bishops Conference of England & Wales, and is responsible for the management of the productions of Pauline Books & Media.

3 sisters collaborate in vocations ministry, which supports young women who are reflecting on what to do with their lives, as well as seeking to find new members to secure the mission in future years. 5 sisters work full time in the Book Centres, 3 of whom are over 70 years. The other sisters work mostly full time in the Langley site supporting the various other aspects of our mission, including distribution, order fulfilment, marketing and customer service. It should be noted that all sisters make some practical contribution to the life and mission of the institute, including the ministry of prayer, welcoming and hospitality.

Reorganising Delegation of Great Britain

The ongoing work and deliberation of mapping out the future of the charity in the UK is moving forward. Considerable investment of time and financial resources will be needed to secure the charity for the medium and long-term.

Advisors

In consideration of the challenges of present times, this year the Trustees have instituted a panel of four external advisers who represent a breadth of experience from financial, business and religious backgrounds. Besides these, the Trustees have also been consulting with Gerard Eve real estate advisors, and with Buzzacott LLP.

The aforementioned advisors have been consulted regarding their expertise in investment, sustainability and property management, with a view as to how to better prepare the charity to move securely into the future.

Safeguarding

The Trustees are committed to Safeguarding as an integral part of the life and ministry of the Daughters of St Paul in Great Britain. They are fully aware of the Safeguarding policies, procedures and recommendations of the Catholic Church of England, Wales and Scotland. The Trustees are updated on Safeguarding matters by the Catholic Safeguarding Advisory Service (CSAS).

The sisters are offered periodic updating on safeguarding training and the Trustees ensure that both sisters and employees are reminded of their rights and responsibilities in this regard.

General Data Protection Regulation (GDPR)

The Trustees took note of the Data Protection Act 2018 which replaces the Data Protection Act 1998. They hold a copy of the summary guide to GDPR compliance in the UK. They also have a copy of "GDPR: 12 answers for Religious Orders" (Stone King Solicitors) and the Brochure on Retention of Accounting Records (Buzzacott).

Reserves Policy

Our Reserves Policy is aimed at helping the Daughters of St Paul to maintain the charity as a going concern and ensure the sisters are sufficiently able to support themselves in their retirement. The general fund should comprise between 25% and 50% of forecast annual operating expenditure. The retirement fund is reviewed annually with the Trustees taking advice on the minimum amount required per person, in accordance with changes to the average retirement period, the cost of living and changes to the demographic of the Congregation.

Jelf Insurance Brokers

In 2016 Jelf acquired Bluefin our former Insurance Company. Jelf was founded in 1989, and in 2015 became part of Marsh & McLennan Companies (MMC). In 2016 MMC acquired Bluefin and united them with Jelf.

Year-end accounts

The Trustees reviewed the 2019 year end accounts. They are aware of the overall decline in income over the past years and are seeking advice as to how to respond best to the challenge.

Association of Provincial Bursars

Sister Mary Ann Salvilla fsp, Sister Elaine Penrice, Sister Gregoria Mignolli fsp and Mr Paul Dier (accountant), attended the 36th Annual General Meeting and Conference of the Association of Provincial Bursars which took place at High Leigh Conference Centre from 7-9 October, 2019. The Bursars Conference is a valuable resource where Trustees can remain updated in best practice and network to benefit from others' experience.

Catholic Charity Conference

Sister MaryAnn Salvilla, Sister Gregoria Mignolli fsp and Mr Paul Dier (accountant), attended the Catholic Charity Conference held at Church House Conference Centre, Westminster, London, on the 8 of May 2019.

Fundraising

The charity aims to achieve best practice in the way in which it communicates with supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data with other organisations, and ensures that its communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of Professional Fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2019, the charity received no complaints about its fundraising activities.

Financial review

Results for the year

Total income for the year amounted to £1,012,610 (2018 – £1,027,735). Of the total income, £907,062 (2018 – £963,431) was derived from the charity's primary purpose trading activities.

Total expenditure for the year amounted to £1,340,146 (2018 – £1,370,976). Of this total, £1,317,567 (2018 – £1,367,502) was directly related to the costs of the charity's primary purpose trading activities. Despite operating in an increasingly cost competitive market, the charity has managed to achieve gross profit margins at an average of 38% (2018 – 42%).

Therefore, net expenditure for the year was £327,536 (2018 – £343,241).

COVID-19: Financial impact on the charity

The financial impact on the charity cannot be underestimated. Recent events are unprecedented, remain of grave concern and pose significant challenges. The income of the charity has largely been reduced to donations, income from the stipend of a sister working for the national church, and the income from sales on the Pauline Books & Media website.

Savings have been made, however, chiefly due to the furloughing of staff and reduced overheads arising from continued book centre closures. A positive impact on cash flow arose due to the inability of the charity, in many cases, to purchase new stock for the book centres (with suppliers often closed for business too). Savings were made, as mentioned above, by reducing community expenses to essentials.

The re-opening of Pauline Books & Media centres will have cost implications:

- Reinstatement of staff working hours, and therefore wages;
- Purchase and consumption of personal protective equipment;
- Increased requirement for cleaning materials; and
- Increased gas, electricity and other utility costs.

It is hoped that the re-opening of centres will also have a positive impact on sales, though recent trends have been downwards. The downward trend is likely to be exacerbated by:

- ♦ A general downturn in the nation's economy;
- Increased unemployment within communities served by the book centres;
- Concerns over the transmission of Covid-19 and the safety of the High Street in general;
- A change of routine and purchasing habits. Consumers will have become accustomed to online shopping and therefore we anticipate a further decrease in footfall for the medium-term.

Financial review (continued)

Reserves policy

Our reserves policy is aimed at helping the Daughters of St Paul to maintain the charity as a going concern and ensure the sisters are sufficiently able to support themselves in their retirement. The general fund should comprise between 25% and 50% of forecast annual operating expenditure.

Financial position

The balance sheet shows total funds of £4,926,089 (2018 – £5,253,625). Of this, £4,035,573 (2018 – £4,202,395) represents the net book value of the charity's tangible fixed assets used to support the work of the sisters. A further £800,000 (2018 – £1,000,000) represents designated monies set aside to support the sisters in the long term.

Free reserves, therefore, are those shown on the balance sheet as general funds and amounted to £90,516 at 31 December 2019 (2018 - £51,230). The charity has in recent years been suffering annual deficits and there remains a desire to increase the amounts designated for the future care of the sisters – both of these factors will continue to place pressure on free reserves over the longer term.

In light of this, the Trustees have taken the following action:

- A new building in Liverpool's Church Street has been purchased at a cost of £1,250,000, which will house a new Pauline Books & Media centre of apostolate. This will provide space for the book centre, the warehouse, storage of archives, a chapel for our sisters and clients, offices for the administration and accounts, graphics, productions, website offices, marketing and outreach (essentially provide facilities that were previously held at Bold Street, Liverpool and at Langley). It is hoped that some space will also be made available to rent out so as to provide some supplementary and regular income for the charity. This building previously belonged to Santander bank. A short-term loan of €1.25 million has been secured from the General Government in Rome for the purchase.
- ♦ The property at Bold Street in Liverpool has been sold for consideration of £665,000 after selling costs.

The Trustees have also resolved:

- To sell the property at Langley and purchase another house in Liverpool that is better suited to the needs of the older sisters. Liverpool provides both for a more affordable location and proximity to the main mission centre of the Daughters of St Paul.
- ◆ To sell the property in Kensington, London.
- To seek to find a new non-retail base in London to maintain our mission presence in the capital.

Principal risks and uncertainties

The Coronavirus pandemic has severely affected the mission carried out through Pauline Books & Media. The Trustees have developed plans to guard the sustainability of the charity's work in the near future and the sisters continue to work on new products for sale through Pauline Books & Media. Pauline Books & Media is currently developing best practice in regard to the future mission of the charity.

The Trustees have identified and considered major risks that the charity may be exposed to. Having assessed the major risks to which the charity is exposed, the Trustees believe that by monitoring progress, and by being informed also through reading relevant documentation from the Charity Commission, they have established effective systems to mitigate these risks.

The key risks for the charity, as identified by the Trustees, are described below together with the principal ways in which they are mitigated.

Competition from large scale retailers

In recent years, competition from larger retailers, particularly those with an online presence, such as Amazon, has led to a decline in revenues for Pauline Books & Media. The charity also bears the additional overheads associated with maintaining its presence on the high street in four different locations across the UK. The Trustees acknowledge the impact of the trends in the retail sector and, as a response, the charity invested in a new website which went live on 1 October 2015. The charity is now also trading through Amazon Marketplace. The Trustees are hopeful that the new online platforms will help the charity to better compete online going forward.

Planning for the care of elderly sisters

An analysis of the age profile of the members of the Delegation shows that the average age of members at 31 December 2019 was 71 years. The Trustees are aware that there is both a moral and legal obligation to care for the older members. None of the sisters have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles, but constrained by the availability of unrestricted reserves; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

Availability of financial resources

As noted in the financial review above, the charity's balance of free reserves remains a concern for the longer term due to the recurring deficits and the desire to increase the amounts designated for the longer term care of the sisters of the Congregation. The Trustees continue to consider options to manage this issue longer term.

Governance, structure and management

In terms of Canon law, the Congregation of the Daughters of St Paul is an Institute of Pontifical status. It is governed at an international level by the Superior General and her Council in Rome. The members of the General Government are elected every six years at a General Chapter, by representatives of all the Provinces and Delegations of the Congregation.

The British Delegation of the Daughters of St Paul is governed by the Delegate Superior and her Council. The Delegate and Councillors are appointed by the Superior General following a consultation of the members of the British Delegation following a consultation of the members of the British Delegation.

In terms of Civil law, the Charity is governed by a Trust Deed dated 16 January 1987, a scheme of the Charity Commission dated 14 January 1997 and the Deed of Variation dated 12 July 2013. The Charity is registered with the Charity Commission for England and Wales with registration number 296042. The Charity is registered with the Office of the Scottish Charity Regulator in Scotland with number SC037889.

Trustees

The following Trustees were in office at the date on which this report was approved and served throughout the year to 31 December 2019:

Trustee Appointed/ resigned		
Sister Angela Grant fsp (Delegate Superior)		
Sister Gregoria Mignolli fsp (Bursar to May 2019)		
Sister Elaine Penrice fsp (Secretary from December 2018)	Appointed January 2019	
Sister Mary Ann Salvilla fsp (Bursar from May 2019)	Appointed January 2019	

The Trustees are all members of the Congregation in Great Britain. They are well versed in the charism of the Congregation and are selected for their personal qualities and their understanding and experience of the works and ministries of the Daughters of St Paul. Together they form a good skills mix and act as a board. They are ultimately responsible for the policies, activities and assets of the charity. When necessary, the Trustees seek advice and support from the charity's professional advisers. They attend the meetings of the Conference of Religious in England & Wales, Conference of Religious in Scotland, the Catholic Charity Conference and meetings of the Association of Provincial Bursars. In planning activities, the Trustees keep in mind at all times the Charity Commission's guidance on Public Benefit.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales and in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the Trustees are required to:

Governance, structure and management (continued)

Statement of Trustees' responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departure disclosed and explained in the accounts; and
- prepare the accounts 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 that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charities (Accounts and Reports) Regulations, the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and the provisions of the charity's trust deed. 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.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Structure and management reporting

The Government of Delegation controls the activities of the charity within the following departments:

- ♦ Editorial/production: researching new products and arranging for their production and launch;
- ♦ Graphic design: an in-house origination and design service for new products, web pages and advertising;
- Wholesale sales at Slough: a warehouse operation, serving wholesale and retail outlets, Church and educational establishments;
- ♦ Retail sales: the retail operation of the Pauline Books & Media Centres in London, Langley, Liverpool, Newcastle upon Tyne and Glasgow;
- Marketing and publicity: market research, product publicity and trade exhibitions;
- Central administration: secretarial, accounting, finance and computer services;

Governance, structure and management (continued)

Structure and management reporting (continued)

♦ Website <u>www.pauline-uk.org</u>; and

Communities' administration of the religious and private lives of the sisters.

The Trustees hold regular meetings throughout the year and examine the Trustees' report and accounts. Special meetings are called to approve capital expenditure, policies regarding employment of lay staff, risk management, health and safety matters, updating reserves policy, and so on. All Trustee meetings are held at the Convent of Our Lady, Middle Green, Slough, SL3 6BS. The Trustees regularly report to, and are accountable to, the General Government of the Congregation in Rome and require that Government's agreement for property transactions and the spending of large sums of money.

Key management personnel

The Trustees (including the Delegate Superior and Bursar) consider that they alone comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Trustees are all members of the Delegation and whilst their living and personal expenses are borne by the charity, they receive no remuneration or reimbursement of expenses in connection with their duties to the charity.

Members of the Delegation

At the end of 2019 there were 22 sisters in the British Delegation who live as part of four communities in Slough, London, Liverpool, and Glasgow. The active sisters in the Delegation are employed as follows:

Delegate Superior: 1 sister

♦ Administration/Accounts: 2 sisters

Production department: 2 sisters

Retail Centres: 7 sisters

Warehouse: 2 sisters

Marketing: 1 sister

Graphic design: 1 sister

Hospitality/Home care: 5 sisters

Trustees' report 31 December 2019

Governance, structure and management (continued)

Members of the Delegation (continued)

The average age of the sisters in 2019 was 70 years. The sisters do not receive a wage for their services. They continue to serve the Lord joyfully and in a spirit of prayer and in view of the common good. They use the wisdom and experience of the years as they hold administrative and responsible posts within the central administration, production and retail

departments. Care for the elderly sisters and sick members of the Delegation is a priority for

the Trustees.

Employees

The Charity employs 20 part-time employees:

2 persons in accounts / administration.

1 person in the Langley location for domestic assistance.

17 persons to assist in the various retail / distribution services in the 5 locations.

The charity is an equal opportunities employer and will apply objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability. Selection criteria and procedures are reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant

merits and abilities.

The Trustees recognise that the laity are an integral part of building up the Kingdom of God

and that they have their vocation and their rights to be involved in mission.

Pauline Books & Media is required to provide a workplace pension for all employees who meet the criteria governing automatic enrolment. The scheme, for which Aviva is the provider, has become a qualifying scheme for automatic enrolment purposes. Pauline Books & Media remains committed to adhering to the ongoing requirements governing

automatic enrolment.

Signed on behalf of the Trustees:

Angela Grant

Trustee

Approved on: 28 September 2020

Independent auditor's report to the members of The Pious Society of the Daughters of St Paul

Opinion

We have audited the accounts of The Pious Society of the Daughters of St Paul (the 'charity') for the year ended 31 December 2019, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - the impact of Covid-19

We draw attention to the Trustees' report and the principal accounting policy in respect to the assessment of going concern, both of which describe the operational disruption the charity is facing as a result of Covid-19 and the impact this may have on the charity's finances. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the accounts; or
- sufficient and proper accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act and in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP Statutory Auditor 130 Wood Street London EC2V 6DL 28 September 2020

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2019

		Unrestric	ted funds
	Nata	2019	2018
	Notes	£	£
Income from:			
Donations and legacies	1	79,687	56,498
Bank interest	2	5,256	5,178
Charitable activities			
. Communications media income	3	907,062	963,431
Other sources			
. Foreign exchange gains		20,605	2,628
Total income		1,012,610	1,027,735
Expenditure on:			
Charitable activities			
. Spreading the Gospel through communications media	4	1,317,567	1,367,502
Other items			
. Foreign exchange losses		22,579	3,474
Total expenditure		1,340,146	1,370,976
Net expenditure and net movement in funds	7	(327,536)	(343,241)
Reconciliation of funds			
Total funds brought forward at 1 January 2019		5,253,625	5,596,866
Total funds carried forward at 31 December 2019		4,926,089	5,253,625

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

Balance sheet 31 December 2019

		2019	2019	2018	2018
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		4,035,573		4,202,395
Current assets					
Stocks	11	261,236		292,148	
Debtors	12	61,456		71,690	
Short term deposits		700,000		700,000	
Cash at bank and in hand	_	431,738		182,981	
	_	1,454,430		1,246,819	
Liabilities:					
Creditors: amounts falling due					
within one year	13	(563,914)		(195,589)	
Net current assets			890,516		1,051,230
Total net assets			4,926,089		5,253,625
The funds of the charity:					
Unrestricted funds					
. Tangible fixed assets fund	14		4,035,573		4,202,395
. Designated funds	15		800,000		1,000,000
. General fund			90,516		51,230
			4,926,089		5,253,625

Approved by the Trustees and signed on their behalf by:

Angela Grant

Trustee

Approved on: 28 September 2020

Statement of cash flows Year to 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash used in operating activities	Α_	(174,618)	(87,654)
Cash flows from investing activities:			
Bank interest received		5,256	5,178
Purchase of tangible fixed assets		(10,741)	(7,815)
Disposal of tangible fixed assets		4,880	_
Net cash used in investing activities	- -	(605)	(2,637)
Cash flows from financing activities:			
Cash inflows from new borrowing		423,980	
Net cash provided by financing activities	-	423,980	
Change in cash and cash equivalents in the year		248,757	(90,291)
Cash and cash equivalents at 1 January 2019	В	882,981	973,272
Cash and cash equivalents at 31 December 2019	В	1,131,738	882,981

Notes to the statement of cash flows for the year to 31 December 2019.

A Reconciliation of net expenditure to net cash used in operating activities

	2019 £	2018 £
Net expenditure (as per the statement of financial activities) Adjustments for:	(327,536)	(343,241)
Depreciation charge	172,683	176,991
Interest receivable	(5,256)	(5,178)
Decrease in stocks	30,912	10,070
Decrease in debtors	10,234	20,634
(Decrease) increase in creditors	(55,655)	53,070
Net cash used in operating activities	(174,618)	(87,654)

B Analysis of changes in net debt

	2018 £	£	2019 £
Cash at bank and in hand	182,981	248,757	431,738
Short term deposits	700,000	_	700,000
Total cash and cash equivalents	882,981	248,757	1,131,738

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2019 with comparative information provided in respect to the year to 31 December 2018.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustees to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- the provision made in respect to slow moving or obsolete stock which has been determined through a review of sales patterns for all stock lines;
- the provision required for any bad or doubtful debts which has been determined following an assessment of the likelihood of recovery of long-standing debts; and
- the assumptions adopted in estimating the ideal level of the sisters' retirement reserve;
 and
- The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to at least a period of one year from the date of approval of these financial statements.

The financial impact on the charity cannot be underestimated. Recent events are unprecedented, remain of grave concern and pose significant challenges. The income of the charity has largely been reduced to donations, income from the stipend of a sister working for the national church, and the income from sales on the Pauline Books & Media website.

Savings have been made, however, chiefly due to the furloughing of staff and reduced overheads arising from continued book centre closures. A positive impact on cash flow arose due to the inability of the charity, in many cases, to purchase new stock for the book centres (with suppliers often closed for business too). Savings were made, as mentioned above, by reducing community expenses to essentials.

The re-opening of Pauline Books & Media centres will have cost implications:

- Reinstatement of staff working hours, and therefore wages;
- Purchase and consumption of personal protective equipment;
- Increased requirement for cleaning materials; and
- Increased gas, electricity and other utility costs.

It is hoped that the re-opening of centres will also have a positive impact on sales, though recent trends have been downwards. The downward trend is likely to be exacerbated by:

- a general downturn in the nation's economy;
- increased unemployment within communities served by the book centres;
- concerns over the transmission of Covid-19 and the safety of the High Street in general;
- a change of routine and purchasing habits. Consumers will have become accustomed to online shopping and therefore we anticipate a further decrease in footfall for the medium-term.

Assessment of going concern (continued)

In light of this, the Trustees have taken the following action:

- ♠ A new building in Liverpool's Church Street has been purchased at a cost of £1,250,000, which will house a new Pauline Books & Media centre of apostolate. This will provide space for the book centre, the warehouse, storage of archives, a chapel for our sisters and clients, offices for the administration and accounts, graphics, productions, website offices, marketing and outreach (essentially provide facilities that were previously held at Bold Street, Liverpool and at Langley). It is hoped that some space will also be made available to rent out so as to provide some supplementary and regular income for the charity.
- This building previously belonged to Santander bank. A short-term loan of €1.25 million has been secured from the General Government in Rome for the purchase.
- ◆ The property at Bold Street in Liverpool has been sold for consideration of £665,000 after selling costs.

The Trustees have also resolved:

- To sell the property at Langley and purchase another house in Liverpool that is better suited to the needs of the older sisters. Liverpool provides both for a more affordable location and proximity to the main mission centre of the Daughters of St Paul.
- ◆ To sell the property in Kensington, London.
- ◆ To seek to find a new non-retail base in London to maintain our mission presence in the capital.

Therefore, the Trustees are of the opinion that the Charity has planned carefully in order to meet its liabilities as they fall due and, whilst they acknowledge that there will be challenges ahead, they are of the opinion that the use of the going concern assumption in the preparation of these financial statements is appropriate.

Income recognition

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income includes income from charitable activities, donations, bank interest and other income.

Income from charitable activities relates to the turnover derived from the charity's primary purpose trading activity, principally the sale of religious book, media and artefacts. The income is recognised when the significant risks and rewards of ownership have transferred to the buyer. This is usually when the stock has been dispatched to the customer.

Income recognition (continued)

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Services provided by members of the Congregation

For the purposes of these accounts, no value has been placed on the administrative and other services provided by the members of the Congregation.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. The majority of expenditure is directly attributable and any apportionment between headings is negligible. The classification between activities is as follows:

- Expenditure on charitable activities comprises the direct cost of goods sold in relation to the charity's primary purpose trading activity as well as the cost of the living and personal expenses of the sisters.
 - Indirect support costs are wholly allocated to the cost of charitable activities and include staff costs, depreciation, governance costs and other overheads including those in relation to the running and upkeep of the book centres and the central office. Governance costs relate to the costs of public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.
- Other expenditure which includes sundry costs such as losses made on the disposal of tangible fixed assets and foreign exchange losses.

Principal accounting policies 31 December 2019

Pension costs

Contributions to employees' group personal pension plans and the charity's workplace pension scheme are debited to the statement of financial activities in the year in which they are payable.

Tangible fixed assets

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

Tangible fixed assets are capitalised and depreciated at the following annual rates on a straight line basis in order to write them off over their estimated useful lives:

♦ Freehold buildings 2% per annum

♦ Fixtures and fittings 10% per annum

Computer software and equipment 20% per annum

♦ Motor vehicles 20% per annum

Freehold land and buildings purchased on or prior to 17 June 1997 are included in the accounts at a valuation carried out by Gerald Eve LLP, Chartered Surveyors and property consultants, at that date. In accordance with the transitional provisions of FRS 102, the 1997 valuation is now deemed to be cost. Land and buildings purchased on or after 18 June 1997 and all other tangible fixed assets are included on the balance sheet at cost.

Stocks

Stocks of finished goods and goods for resale are valued at the lower of cost and net realisable value after making due allowance for obsolescence.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The tangible fixed assets fund comprises the net book value of charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not be regarded, therefore, as realisable.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Notes to the accounts 31 December 2019

1	Donations and legacies		
		2019	2018
		£_	£
	Salaries and pensions of individual religious received under Gift Aid or Deed of Covenant	40,177	35,545
	Donations	39,510	20,953
		79,687	56,498
•	Paula internat		
2	Bank interest	2019	2018
		£	£
	Interest receivable	5,256	5,178
		<u> </u>	
2	Communications madis income		
3	Communications media income	2019	2018
		£	£
	Turnover from trading activities	906,927	963,076
	Royalties and copyright income	135	355
		907,062	963,431
4	Spreading the Gospel through communications media		
		2019	2018
		£_	£
	Costs of goods sold	559,212	556,161
	Community living and personal expenses Support costs (note 5)	141,280 617,075	141,146 670,195
	Support costs (note 3)	1,317,567	1,367,502
		1,017,007	1,007,002
5	Support costs	2019	2018
		££	2018 £
	Staff costs (note 8)	217,373	215,817
	Depreciation	172,683	176,991
	Book centre and office expenses	213,684	262,337
	Governance costs (note 6)	13,335	15,050
		617,075	670,195

6 Governance costs

	2019 £	2018 £
Auditor's remuneration	13,335	15,050

7 Net expenditure and net movement in funds

This is stated after charging:

	2019 £	2018 £
Staff costs (note 8)	217,373	215,817
Auditor's remuneration		
. Statutory audit services	13,335	15,050
Rentals under operating leases	4,824	4,774
Depreciation	172,683	176,991

8 Staff costs and remuneration of key management personnel

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	204,067	203,978
Social security costs	7,224	7,448
Other pension costs	6,082	4,391
	217,373	215,817

The average number of employees during the year, analysed by function, both on an average headcount and full-time equivalent (FTE) basis, was as follows:

	2019 FTE	2018 FTE	2019 Average number	2018 Average number
Charitable activities				
. Spreading the Gospel through communications media	11	12	19	20

No employees earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year (2018 – none).

The Trustees (including the Delegate Superior and Bursar) consider that they alone comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Trustees are all members of the Delegation and whilst their living and personal expenses are borne by the charity they receive no remuneration or reimbursement of expenses in connection with their duties to the charity (2018 – £nil).

9 Taxation

The Pious Society of the Daughters of St Paul is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

10 Tangible fixed assets

		-	Computer		
	Freehold land and	Fixtures and	software and	Motor	
	buildings	fittings	equipment	vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	5,694,125	741,141	459,798	57,315	6,952,379
Additions	_	6,012	4,729	_	10,741
Disposals	_	_	(4,880)	_	(4,880)
At 31 December 2019	5,694,125	747,153	459,647	57,315	6,958,240
At historic cost	5,291,028	747,153	459,647	57,315	6,555,143
At deemed cost (1997 valuation)	403,097				403,097
	5,694,125	747,153	459,647	57,315	6,958,240
Depreciation					
At 1 January 2019	1,702,522	585,095	422,872	39,495	2,749,984
Charge for the year	116,116	33,073	18,039	5,455	172,683
Disposals	_	· –	· —	· –	· –
At 31 December 2019	1,818,638	618,168	440,911	44,950	2,922,667
Net book values					
At 31 December 2019	3,875,487	128,985	18,736	12,365	4,035,573
At 31 December 2018	3,991,603	156,046	36,926	17,820	4,202,395

The charity's freehold land and buildings were revalued to open market value on 17 June 1997. The valuation was carried out by Gerald Eve LLP, chartered surveyors and property consultants. As permitted under the transitional arrangements of Financial Reporting Standard 102, the charity has continued to adopt a policy of not updating this valuation which is now deemed to be cost. With the exception of freehold land and buildings, all other assets are included above at historic cost.

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. These arise from the specialised nature of the properties and the effects of inflation. 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 benefit to users of the accounts.

11 Stocks

	2019 £	2018 £
Finished goods and goods for resale	261,236	292,148

Notes to the accounts 31 December 2019

12 Debtors

	2019 £	2018 £
Trade debtors	21,015	16,681
Other debtors	415	928
Prepayments and accrued income	40,026	54,081
	61,456	71,690

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Amount due to the Congregation's Generalate	468,414	16,845
Expense creditors	39,202	97,362
Other creditors and accruals	37,968	62,852
Deferred income	18,330	18,530
	563,914	195,589

14 Tangible fixed assets fund

	Total 2019 £	Total 2018
At 1 January 2019	4,202,395	4,371,571
Net movement in year	(166,822)	(169,176)
At 31 December 2019	4,035,573	4,202,395

15 Designated fund

The funds of the charity include the following designated fund which has been set aside out of unrestricted funds by the Trustees for specific purposes:

	At 1 January 2019 £	New designations £	Transferred to general fund £	At 31 December 2019 £
Retirement fund	1,000,000	_	(200,000)	800,000
	At 1 January	New	Transferred	At 31 December
	1 January 2018	designations	to general fund	2018
	£	£	£	£
Retirement fund	1,000,000	_		1,000,000

The retirement fund comprises monies to apply towards the needs of caring for members of the Community in the longer term.

16 Analysis of net assets between funds

			Tangible	
	General	Designated	fixed asset	Total
	fund	fund	fund	2019
	£	££	££	£
Fund balances at 31 December 2019 are represented by:				
Tangible fixed assets	_	_	4,035,573	4,035,573
Current assets	654,430	800,000	_	1,454,430
Creditors: amounts falling due within one	(563,914)	_	_	(563,914)
year				
Total net assets	90,516	800,000	4,035,573	4,926,089
			Tangible	
	General	Designated	fixed asset	Total
	fund	fund	fund	2018
	£	£	£	£
Fund balances at 31 December 2018 are represented by:				
Tangible fixed assets	_	_	4,202,395	4,202,395
Current assets	246,819	1,000,000	_	1,246,819
Creditors: amounts falling due within one				
year	(195,589)			(195,589)
Total net assets	51,230	1,000,000	4,202,395	5,253,625

17 Pension scheme

The charity operates a group personal pension plan. The assets of the plan are held separately from those of the charity in independently administered funds. Employees may contribute 3% of their gross salary to the plan, which is matched by an equal contribution from the charity. The pension cost charge represents contributions payable by the charity to the plans and amounted to £6,082 (2018 – £4,391).

18 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Daughters of St Paul by virtue of the fact that the Superior General of the Congregation and her Council appoint the Trustees. The Daughters of St Paul in Great Britain do not hold any assets, incur liabilities or enter into any transactions in its own right. Assets and liabilities of the Congregation in Great Britain are vested in the Trustees of the charity, who undertake all transactions entered into in the course of the charitable activities of the Congregation in Great Britain.

19 Related party transactions

Income from donations and legacies includes the salaries and pensions of certain Trustees of the charity received under Gift Aid or Deed of Covenant. For the year ended 31 December 2018, the total value of these receipts amounted to £18,091 (2018 – £15,488). Other transactions with Trustees are disclosed in note 8.

There are no other related party transactions that require disclosure (2018 – none).

Notes to the accounts 31 December 2019

20 Post balance sheet events

On 14 June 2020 the trustees approved the purchase of the following functional properties:

- ♦ A property in Church Street, Liverpool, for consideration of £1,250,000; the purchase was completed on 27 August 2020.
- ♦ A residential property at 49 Wheathill Road, Liverpool, for consideration of £665,000.

On 3 September 2020 the Trustees approved the sale of 82 Bold Street, Liverpool. An offer of £700,000 was accepted and the sale is expected to be completed by the end of October 2020.

The Trustees are awaiting the approval of the General Government in Rome for the sale of the Kensington and Langley properties and the purchase of two further residential properties, one in Liverpool and the other in the London area.

These property transactions reflect the wider structural re-organisation of the charity which was approved following the year-end and is described in the Trustees' report.