

**The
Order of
Friars
Minor
Charitable
Trust**

Annual Report and Accounts

31 December 2019

Charity Registration Numbers:
232177 (England and Wales)
SC039191 (Scotland)

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

Trustees	Rev Michael Copps OFM (Chairman) Rev Patrick Lonsdale OFM Rev Antony Jukes OFM Rev Edmund Highton OFM Rev Michael O'Grady OFM The trustees are incorporated under the Charities Act 2011
Custos	Rev Michael Copps OFM
Custodial Secretary	Rev Patrick Lonsdale OFM
Provincial Bursar	Rev Michael O'Grady OFM
Principal address	The Franciscan Friary 557 High Road Woodford Green Essex IG8 0RB
Charity registration numbers	232177 (England and Wales) SC039191 (Scotland)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	SBP Law Glade House 52-54 Carter Lane London EC4V 5EF
Stockbrokers	J M Finn & Co 4 Coleman Street London EC2R 5TA
Principal bankers	NatWest Group 1st Floor 440 Strand London WC2R 0QS

The trustees present their statutory report together with the accounts of The Order of Friars Minor Charitable Trust for the year ended 31 December 2019.

The accounts have been prepared in accordance with the accounting policies set out on pages 23 to 28 and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102).

INTRODUCTION

The Order of Friars Minor was founded by St Francis of Assisi in 1209. It has maintained its essential character through the centuries. Friars live in communities, observing the Gospel of Our Lord Jesus Christ, under vows of poverty, celibate chastity and obedience, in accordance with the 'Rule of 1223' written by the Founder. The Minister General's headquarters are in Rome where he is assisted by a General Definitory or Council, governing the Order Worldwide. The British Custody is part of the Order.

CONSTITUTION

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the British Custody are held and through which its finances operate. The charity is governed by a trust deed dated 1 December 1963 as amended by a scheme dated 12 June 1973, and is registered under the Charities Act 2011. Since 2007 the trust has also been registered with the Office of the Scottish Charity Regulator (OSCR).

The trustees of the charity are an incorporated body under the Charities Act 2011.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES

The principal aims of the charity are the support of charitable purposes connected with the Roman Catholic Religion and the support of the charitable work of the Order generally. This work is described in more detail in the following paragraphs. Although the majority of friaries are situated in England, the charity has one house in Glasgow, Scotland. The objectives described below apply in Scotland with special emphasis on the overseas mission work.

In setting out and planning the activities of the charity, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Pastoral

The Order of Friars Minor in this Custody has four parishes in its care. Most of the friars of the Custody are engaged in pastoral and educational work – supporting and encouraging prayer and worship, administering the sacraments, preaching, teaching, providing spiritual and material sustenance to those in need. In addition, they give retreats and missions to other parishes and to convents. There is an obvious public benefit from these activities, as they are designed to promote harmony and cooperation in the parishes concerned and in the wider community.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Educational

To be able to provide the pastoral and spiritual support mentioned above, the members of the Custody must have the opportunity to obtain firstly the initial formation needed in the preparation for their ministry and then the further training and formation to equip them to serve the Church and the faithful in a rapidly changing society. The trustees need, therefore, to keep a close eye on the requirements to remain active and fruitful preachers of the Gospel. In addition, the friars take an active interest and play a part in the provision of primary, secondary and tertiary education in the schools of their parishes. These schools have a Catholic ethos and have no restriction with regard to colour, race, or income, thus providing an obvious public benefit.

Overseas missions

The Order of Friars Minor is the largest missionary Order in the Church. This Custody began missionary work in India and South Africa over 60 years ago. Initially they sent men out to those countries to begin the work of serving the people and establishing a Catholic presence there. Over time these missions have grown and now provide their own indigenous friars. With the decline in vocations in this country, the support now takes the form of grants financed by donations from Franciscan parishes and educational assistance to overseas students.

Grant making policy

The bulk of the grants made by the charity usually arise through the restricted funds i.e. the Franciscan Missionary Union (FMU) and Saint Antony's Bread. In both cases money is deposited with the friars by the faithful to be used in the Franciscan missions and for the relief of poverty. The policy of the charity, therefore, is to use all the money so contributed for the furtherance of those two aims.

In total, grants of approximately £398,000 (2018 – £571,000) have been made during the year both as direct donations from the income of the charity and from disbursement of contributions by the faithful to the FMU and St Antony's Bread. As usual, the Franciscan Missionary Union made contributions to missionary areas, especially in India and South Africa, for both general support and specific projects amounting to approximately £198,000 during the year (2018 – £274,000). Other grants outside the United Kingdom amounted to circa £nil (2018 – £117,000, including support to Franciscan students in poor countries). In addition, the charity makes a regular annual donation to about a dozen charities that provide services allied to the Franciscan ethos e.g. Shelter, NSPCC and CAFOD totalling circa £85,000 (2018 - £46,000). More details are given in note 4 to the accounts.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Investment policy

The charity has a portfolio of investments with a market value as at 31 December 2019 of £15,759,688 (2018 - £13,963,895).

The charity has set up a Sick and Retired Reserve to provide assistance to communities with elderly and infirm friars. This reserve is represented by a large part of the charity's portfolio of stocks and shares, managed under the guidance of a fund manager. The fund managers have been asked by the trustees to keep a prudent balance between gilts and equities and to ensure the risk is spread by investing in a wide range of industrial shares of the larger companies. The twin aims are to raise some income to support the present elderly friars and to achieve a capital appreciation so as to build up the fund for future years.

The trustees have also instructed the fund managers to refrain from buying shares in companies associated with armaments, tobacco and contraceptives, as well as any pursuing activities at variance with the charity's objectives. It has also recently disposed of its holdings in fossil fuel shares and invested in renewable energy instead, following the lead given by Pope Francis.

Review of the year

Pastoral work

Formation, training and education

With the closure of the Franciscan International Study Centre in June 2017, all the formation, training and education of friars in initial formation now takes place outside the Custody of Great Britain. The Postulancy is currently located in Ennis, Ireland, the Novitiate year is based in Killarney, Ireland, and the study of Philosophy takes place in Maynooth University, with friars resident in the friary of Athlone. After completing Philosophy, friars will head to Rome for the study of Theology. Friars from the Custody in initial formation will have summer placements in the Custody so as to maintain links with the Custody.

Throughout the year we did not have any friars in initial formation.

Antony Jukes, in his capacity as Novice Director, and Donal Walsh, in his capacity as vocations director, continue to attend regular meetings of the Interprovincial Secretariat for Formation and Studies (ISFS). These meetings are also attended by all friars of the Irish Province involved in formation ministry. Two meetings were held in Ireland and one in Great Britain.

In August 2019, five men completed their novitiate year at the Interprovincial Novitiate in Killarney, one is for the Irish Province, two for the Canadian Province, one from the Dutch Province and one from the Third Order Regular.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Review of the year (continued)

Overseas missions

The Franciscan Missionary Union was established many years ago to help the Missionary endeavours of the Order of Friars Minor. In the 1930s and 1940s, the English Province established Missionary Dioceses in India and South Africa. The work done in both countries was considerable and is now in the care of indigenous Franciscan Friars.

The Franciscan Missionary Union has, therefore, opened out towards other Missionary endeavours in various parts of the world. While still keeping in contact with our older Missionary work in India and South Africa we have branched out considerably to help the poor and marginalised in both East and West Africa as well as Sri Lanka and Madagascar. We also try to respond to any emergency situations where and when they occur in conjunction with Missio Scotland, SCIAF and Mary's Meals.

We endeavour to obtain good estimates and reports for any proposed projects. These grants are made to particular Franciscan Provinces and are administered by fellow Franciscans. The source of these monies comes from the wonderful generosity of friends of the Missions who continue to support the work done by the FMU.

Promotion of vocation

During 2019, a number of enquiries have been received by the Vocations Promotor and Director, mostly from England, a few from Wales and Scotland, and less than in 2018 from non-European countries. There have been less visits to Chaplaincies as it is not so easy to arrange or be accepted as many other Religious Orders ask to also visit them. However, what has happened are visits or requests to go to retreat/pastoral centres for adult youth gatherings, and give a talk to young people on Franciscan life.

What is special about this ministry is to patiently be with another searching their way in life whether a vocation for Franciscans or not, and for Religious life or not. This requires patience and acceptance on the part of the Vocation Director. For this reason, meeting other Vocation Directors, Franciscans or not, for in-service training and sharing, is a great source of support.

Vigilance with regard to the care of children and vulnerable persons, and relevant training

It is totally accepted that the complete safety at all times of minors and vulnerable persons demands the highest concern and compliance of all members of the Catholic Church.

Our Custody is committed to full implementation of the principles, procedures and practice of the Catholic Church in England and Wales. These are set out by the National Catholic Safeguarding Commission and implemented and supervised by the Catholic Safeguarding Advisory Service. We receive regular information from these two bodies and act on any recommendation or change advised to achieve best practice.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Review of the year (continued)

Vigilance with regard to the care of children and vulnerable persons, and relevant training (continued)

We are aligned with the Brentwood Diocese Safeguarding Commission, which provides highly professional knowledge and practical support. We maintain close contact and frequent communication with Simon Moules, the Commission Coordinator. He provided us with a full day's training which all friars active in England attended. We also engaged in other full days provided by the respective Diocese in which we work. Most of the friars attended another training day to hear three victims of abuse recount their experience and its consequences.

At every monthly meeting of our trustees, Safeguarding is an agenda item. Listening to the first-hand accounts of victims of abuse is currently seen as a helpful means to achieve better understanding and practice. Our Safeguarding Lead led us in some detail at one such meeting through an account of one victim and the long consequences of her historic abuse.

We offer pastoral care to anyone who has suffered abuse. As well as giving victims the assurance that they are trusted and their accounts are well heard, we recognise our duty on occasion to offer financial help. With the guidance of our solicitors specialising in abuse cases we have negotiated appropriate compensation for two victims whose abuse is historic.

Guardians' Report 2019

Glasgow

Since the Chapter which was held in July 2018, there are three Friars in Glasgow.

The normal round of Parish activities continues. The two halls at St Francis and Blessed John Duns Scotus, and adjoining rooms, are well used by the parish and other local groups, such as Alcoholics Anonymous and Gamblers Anonymous. The church is used on occasion by the local Tamil and Vietnamese communities.

The Friars provide chaplaincy to the parish school and to a nearby hospice.

Friars and parishioners take part in training programmes on safeguarding issues as provided by the Archdiocese of Glasgow.

Clevedon

There are three Friars in Clevedon.

Sunday Masses are celebrated in the Parish Church in Clevedon and in the nearby village of Yatton. The parish hall, attached to the church at Clevedon, is well used by the parish and other local groups, such as the Secular Franciscans, the Rotary Club, a mother and toddler group, and a number of exercise, art and language classes.

The Friars continue to minister to people in local residential and nursing homes. One of them acts as Chaplain to the parish school, which is situated in Nailsea.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Review of the year (continued)

Guardians' Report 2019 (continued)

Stratford

There are four Friars at Stratford.

They minister to a large congregation of people of various nationalities in the London Borough of Newham. There are families from Nigeria, Ghana, various Asian countries, and others from Eastern Europe, and so on.

On each weekday small teams of parishioners use the friary kitchen to make up sandwiches and hot drinks for up to forty, or more, homeless people who call at the friary door. On Saturdays they provide a hot take-away meal. There was a dinner on a Saturday near to Christmas, to which the homeless people were invited.

The Parish Priest provides chaplaincy care to the Parish Primary School (St Francis), and is on a rota of Priests of Newham Deanery to provide chaplaincy care at Newham General Hospital.

Woodford Green

At the end of the year there were eight Friars in the community. Three of them had care of the busy parish, one was involved in administration of the Order, and the others were retired or semi-retired.

The Friars provide chaplaincy to the parish primary school and to the High School, both of which are near the church. There are also nursing and residential homes which the Friars visit. Parishioners take part in a 'soup-run' to Central London, on a rota with other parishes and groups.

The parish centre, with its large hall and meeting rooms, is well used by the parish and other groups. These rooms were originally part of the friary and were made over to parish use some years ago.

COVID-19

Since the end of the financial year, the Covid-19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

Due to the age profile of the Friars, many are currently practising self-isolation. This means there have been some adaptations on how ministry is being exercised during this period. The charity's investment income will no doubt be affected because of the impact of the pandemic on the economy and on the commercial sector in particular. In addition, voluntary income in the form of Mass, Clergy and Stole Offerings will be reduced as all churches were required to close their doors. Expenditure may be reduced as a result of the lockdown as travel was curtailed and other costs were affected also.

COVID-19 (continued)

The trustees have reviewed the income and expenditure of the charity and considered the impact of the pandemic during the months following the financial year end. Whilst there will be challenges ahead, the trustees are of the view that there will be no significant impact on the overall finances of the charity.

FUTURE PLANS

We are now midway between Chapters and the communities are now settled in and functioning well. However, while that is true we are very aware that we rely on the good health of a few friars who are key to managing our life together. These friars are wearing two or more hats, are aging and therefore this is a worry. At the moment we are managing but we are exploring ways of becoming less vulnerable including the closure of another friary.

The roof on the Woodford Friary and two chapels has been replaced as planned. This was carried out in a very satisfactory way and, after some snagging involving down pipes, all is well. This has now been paid for.

The planning to replace the Woodford heating system was well under way at the year end and had been put out to tender just before the Covid-19 lockdown commenced. Hence, the work will be delayed. The total cost will be shared between the Parish and the Custody/local Franciscan community.

FINANCIAL REVIEW

Investment performance

The portfolio comprises 60% equities, 14% gilts, and 26% unit trusts and fixed interest funds. The overall value of the portfolio increased by £1,795,793 from a market value of £13,963,895 at the end of 2018 to a value of £15,759,688 at the end of 2019.

Income and expenditure

A summary of the year's results can be found on page 20 of this annual report and accounts. Total income amounted to £1,174,840 compared to £1,832,159 in 2018 when there was a considerable surplus on the disposal of tangible fixed assets of £717,273. Total expenditure during the year decreased from £1,230,869 in 2018 to £1,011,694 in 2019 as a result of fewer grants and donations being made.

Net income for the year before gains on investments, therefore, amounted to £163,146 (2018 - £601,290). Net gains on investments of £1,860,474 (2018 - net losses of £1,049,174) resulted in a net increase in funds for the year of £2,073,620 compared to a net decrease of £447,884 in 2018.

Financial position and reserves policy

The balance sheet shows total funds of £21,244,191 (2018 - £19,220,571). Of this, £626,030 (2018 - £522,671) is restricted for specific purposes. £581,218 (2018 - £489,551) is restricted in respect of the Franciscan Missionary Union, which receives money specifically for the Order's missions abroad. The remainder of the restricted funds represent a number of individually small funds made up of donations for specific purposes.

FINANCIAL REVIEW (continued)

Financial position and reserves policy (continued)

The charity has unrestricted funds of £20,618,161 (2018 – £18,697,900). Of this £2,292,430 (2018 – £2,189,332) represents tangible fixed assets. About 11 per cent of the total resources owned by the charity comprise tangible fixed assets. The Franciscan Custody in this country can only carry out the aims set out in the first part of this report if it has the use of such assets. Not only are the assets an essential prerequisite for the work of the Custody, but much of the property is not at the complete disposal of the Custody; if the trustees were to vacate any of this property they would regard themselves as obliged to offer it to the Bishop or some other religious order that was prepared to carry on the same work.

In these circumstances, therefore, it seems advisable to recognise the resource as a separate fund rather than as an available resource.

The charity has four designated funds.

The first of these is the Sick and Retired Reserve. The average age of the friars in the Custody is steadily increasing and the elderly and infirm friars now outnumber those who have to provide the supporting income. Given the small number of vocations in recent years, there may not be sufficient support available within the Custody unless some of the present resources are set aside for the future. A Sick and Retired Reserve has been set up to provide for the current members of the Order.

The second designated fund is the Maintenance Fund standing at £1,000,000 at the end of the year. A quinquennial review carried out at the end of 2015 on one of the charity's major properties indicated that this fund will need to be enlarged over the next ten years.

As mentioned above, the Custody is faced with a reducing number of friars in the coming years. That will of necessity give rise to decisions on changes to present activities and new ventures necessitating additional capital expenditure. Therefore, it is deemed prudent to set aside through a designated Mission and Development Fund a reserve which the trustees can utilise as and when needed for new initiatives in furthering the mission of the OFM.

The fourth designated fund is the Formation Fund which comprises monies set aside towards funding the formation and education of friars.

The amount of free reserves available after deducting the above designated funds and tangible fixed assets is £6,825,731 (2018 - £5,008,568). The policy of the trustees towards the General Reserve is to hold an amount roughly equivalent to one and a half year's unrestricted expenditure. The actual amount of free reserves held at 31 December 2019 clearly exceeded the amount demanded by the policy. However, the trustees are aware of the uncertainties created by Covid-19 (see above) and the need, therefore, to be cautious. In addition, the charity has recently embarked on a programme of quinquennial reviews of the charity's properties and it is expected that the results will show that significant investment will be needed in the properties over the next decade. Once the results of the reviews are known, it is the intention to increase the value of the Maintenance Fund thereby reducing free reserves.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

Until 11 November 2014, according to the Statutes of the Order, the friars in Great Britain constituted a Province, i.e., an entity with more than forty professed friars. As such, the Province was administered by a governing body, known as the Definitory, consisting of the Minister Provincial, a Vicar-Provincial, and five other friars, elected by all the brethren at the triennial Chapter. The members of the Definitory were also trustees of the charity.

Because of the decreasing numbers and ageing of the friars, the Province became, as of the Chapter held in November 2014, a Dependent Custody of the Province of Ireland. In effect, for Canon law purposes, the friars in Great Britain became a semi-autonomous entity, led by the Custos and a Council of three friars. They were appointed by the Minister General of the Order, but after three years there will be an election of the Custos and Council and thereafter there will be an election every three years. Major appointments and decisions regarding the friars and houses of the Custody need to be ratified by the Provincial of Ireland and his Definitory. The trustees, however, continue to administer the charity and they are solely responsible for the financial management of the Custody.

The Council assigns friars to the various friaries and parishes served by the Franciscans and appoints officers needed for the administration of the Custody. Each friary has a Guardian and Vicar, appointed by the Council, who have responsibility for the friars in their community. The running of each friary is discussed regularly by the whole community.

As all trustees are members of the Order they have a detailed knowledge of the work of the charity and of its structure. On being appointed, new trustees are required to spend one full day with those trustees leaving office. They also meet with the Order's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and accounts and brief biographical details on each of the trustees who served during the year are given below:

Reverend Michael Copps OFM

Father Michael Copps has been a member of the Order since 1965. After initial formation he was involved in pastoral work in parishes and the education of new members as Novice Director. From 1981 to 1990 he was elected Guardian of the community at Chilworth and held the post of Novice Director for the same period. From 1990 to 1999 he was a parish priest in Nottingham and was Guardian of the community from 1994 to 1997. In 1999 he became parish priest in Forest Gate, East London and in 2002 in Stratford and Guardian of the community. In 2005 he was elected Minister Provincial of the Province of Friars Minor in this country and served in that capacity until 2014. He has also served on the Finance Committee of the Province. After a period as parish priest and Guardian at Stratford he was elected as Custos in 2018.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

Reverend Patrick Lonsdale OFM

Father Patrick Lonsdale entered the Order in 1965. He gained a BA at the University of Kent in Canterbury. Since Ordination in 1974 he has worked in various friaries and parishes of the Custody, and has been Guardian at Craigmillar, Woodford, Forest Gate, Glasgow, Chilworth and Nottingham. He was also Parish Priest at Craigmillar, Glasgow and Chilworth. He was a Trustee and Definitor from 1996 to 2005. He served as Custos and Trustee from 2014 to 2018, and is currently a Councillor and Trustee. From 1990 to 1996 he was National Assistant to the Secular Franciscan Order. From 1996 to 2002 he was a member of a hermitage community at Penmaenmawr, which was a joint project with the Capuchins. Over the years Patrick has also served as Secretary of the Province, Secretary of Formation, and as Animator of Vocations. He is currently Guardian of the community at Stratford and is Religious Assistant to the Federation of Poor Clares in Great Britain.

Reverend Antony Jukes OFM

Father Antony Jukes joined the Order of Friars Minor in 2002, having previously worked and completed his training as an accredited Chartered Accountant. As part of his formation as a Franciscan Friar, Antony completed a BA and an MA degree in Theology at the Franciscan International Study Centre in Canterbury. After ordination as a priest he served in our Franciscan parish in the Gorbals area of Glasgow for two years and then worked for two years in youth ministry at the Cold Ash Centre before returning to Canterbury to help with the formation of friars and to teach in the Study Centre. With the closure of the Study Centre in June 2017, Antony moved to the friary in Killarney, Ireland, where he is now the Novice Director in the new Interprovincial Noviciate.

Reverend Edmund Highton OFM

Father Edmund Highton has been a member of the Order since 1966. He had commercial experience of economics, commercial law and the finance of foreign trade through the "Institute of Export" prior to joining the Order. He spent many years as a missionary in South Africa, where he was a member of the Bishop's Council for about ten years with duties including the distribution of educational bursaries for secondary and tertiary education. He was a Parish Priest, caring for financial and pastoral concerns, from 1975 onwards. Now back in Britain, his present duties include the care of the Franciscan Missionary Union and being Parish Priest of Blessed John Duns Scotus in Glasgow.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

Reverend Michael O'Grady OFM

Father Michael O'Grady joined the Franciscan Order in September 2008 after working for the HSBC Bank in various roles, including business banking, for twenty years. He began his postulancy in Chilworth before moving to Ennis for his novitiate year where he took his simple vows in September 2011. He then moved to Canterbury to begin his academic formation with a year of Franciscan Studies and two years of philosophy. In 2014 he moved to the fraternity in Stratford to begin his theology degree at Heythrop College, London. Michael took his solemn vows in September 2015 and was ordained a deacon in July 2017. Upon completion of his studies in 2017 Michael was sent to St Boniface's, San Francisco for three months as part of his diaconate placement working with the homeless. In 2018 he spent two months in Kraainem, Belgium with the Irish friars in preparation for his ordination to the priesthood in March 2018. He was then assigned as parish priest in Stratford and nominated as bursar of the Custody. He now serves on the Council and is a trustee of the charity.

Structure and management

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet monthly to review developments with regard to the charity and its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Order or senior staff. Financial decisions are overseen by the trustees. Mandates with the principal bankers are in place, to the effect that any cheque above £5,000 must have two signatures, including one by a trustee. Online banking has been introduced at Custody level enabling daily monitoring of bank balances and other financial controls.

The Custody comprises 32 friars (as at 31 December 2019) who lived as part of four communities during the year. Three of these community houses are situated in the South of England (Clevedon, Somerset; Stratford in East London and Woodford Green, Essex) whilst the fourth community house is in Glasgow, Scotland. The four houses that remain open continue to exercise parochial responsibilities in collaboration with the bishops of the dioceses concerned.

As stated above, each community has a local guardian appointed by the Council. The local guardian is responsible for both the needs and the care of the friars in his community and he liaises regularly with the trustees. All local superiors meet together occasionally with the trustees to discuss developments and future plans and strategy.

Key management personnel

The strategic direction and the day-to-day management of the work of the charity is in the hands of the trustees and the Guardians at each friary. They are all members of the Order of Friars Minor and receive no remuneration for this work. All these friars have had many years' experience in the Order and are well aware of their responsibilities without the need for specific performance indicators.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Working with other organisations

The friars in the parishes served by the Custody work very closely with the bishops administering the dioceses within which the parishes are situated. That will include membership of the local deanery and helping out in neighbouring parishes where possible. In addition, most communities have a primary school in the parish and there is close connection with these schools as well as secondary schools serving the parishes of the friars. The friars are also engaged in working with statutory bodies, other Christian Churches, other faith communities, and other voluntary groups.

Trustees' responsibilities statement

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 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:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the 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 judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures 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 are sufficient to show and explain the charity's transactions and 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, the relevant Charity (Accounts and Reports) Regulations, the Charities and Trustee 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.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management

The trustees undertake an annual review of the principal risks and uncertainties that the charity faces categorising the risks between those affecting the governance and management of the charity, operational risks, financial risks, reputational risks and those which occur because of circumstances outside of the charity's control such as changes in government policy, laws and regulations. They regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review. They also ensure that action is taken to implement changes to those policies, systems and procedures should they be needed to minimise or manage any potential impact on the charity should those risks materialise.

The trustees have identified five main areas where risks may occur: governance and management; operational; financial; reputational; and regulatory.

- ◆ **Governance and management** looks at the risk of the Order, and hence the charity, suffering from a lack of direction, at the skills and training of its members and staff, and the good use of its resources.
- ◆ **Operational** looks at the risks inherent in the charity's activities including the members of the Order engaging in inappropriate activities, the unsuitability of buildings, poor maintenance, shortcomings in the services provided, poor health and safety, lack of a disaster recovery plan, etc.
- ◆ **Financial** risks include those arising as a result of poor budgetary control, inappropriate spending, poor accounting, inappropriate investment policies, etc.
- ◆ **Reputational** looks at possible damage to the Order's, and hence the charity's, reputation.
- ◆ **Regulatory** looks at the effects of government policies, the consequences of non-compliance with laws and regulations and poor risk assessment.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks. They also work in close collaboration with their insurers so as to maintain adequate coverage of the risks.

Apart from the impact of Covid-19 on the charity and its work (see above), the key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

- ◆ The trustees are aware that there is both a moral and legal obligation to care for the older members of the Order. None of the friars 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 friars. 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 loosely based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual friars encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.
- ◆ The charity donates significant sums in support of the work of the Order and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by members of the Order whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and are familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.
- ◆ The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs, both now and in the future. Since the end of the financial year, there has been some volatility on world stock markets in response to the Covid-19 pandemic. The trustees, along with their investment managers, will continue to monitor the impact of the pandemic and other factors on stock markets but the charity is a long term investor and the trustees take a long term view.

Fundraising statement

The charity does not carry out any direct fundraising with the public. It does not use the services of any third party organisation to help in its fundraising activities and no complaints were received about its fundraising activities during the financial year. However, if a complaint was to be received, it would be handled by a trustee.

Trustees' report 31 December 2019

MEMBERS OF THE ORDER

The trustees wish to record their recognition of the professionalism and commitment of the individual members of the Order.

Their dedication and positive approach are much appreciated.

Signed on behalf of the trustees:

Michael Copps
Trustee

Approved by the trustees on: 8 December 2020

Independent auditor's report to the trustees of The Order of Friars Minor Charitable Trust

Opinion

We have audited the accounts of The Order of Friars Minor Charitable Trust (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 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.

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 accounts is not appropriate; or
- ◆ the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity'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 accounts 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

22 December 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

	Notes	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Income from:							
Donations and legacies	1	260,310	321,244	581,554	318,597	251,029	569,626
Investments and bank interest	2	561,932	2,525	564,457	508,331	1,500	509,831
Charitable activities							
. Church repository sales		11,605	—	11,605	12,800	—	12,800
Other sources	3	4,554	12,670	17,224	10,951	11,678	22,629
Surplus on disposal of tangible fixed assets	11	—	—	—	717,273	—	717,273
Total income		838,401	336,439	1,174,840	1,567,952	264,207	1,832,159
Expenditure on:							
Raising funds							
. Investment management fees		71,631	—	71,631	68,228	—	68,228
Charitable activities							
. Grants and donations in support of the work of the Order and other charities	4	187,387	210,900	398,287	279,624	291,747	571,371
. Support of members of the Order and their ministry	5	509,785	22,180	531,965	547,025	36,154	583,179
. Supplies for church repositories		9,811	—	9,811	8,091	—	8,091
Total expenditure		778,614	233,080	1,011,694	902,968	327,901	1,230,869
Net income (expenditure) before gains (losses) on investments	7	59,787	103,359	163,146	664,984	(63,694)	601,290
Net investment gains (losses)		1,860,474	—	1,860,474	(1,049,174)	—	(1,049,174)
Net income (expenditure) and net movement in funds for the year		1,920,261	103,359	2,023,620	(384,190)	(63,694)	(447,884)
Reconciliation of funds:							
Total funds brought forward at 1 January 2019		18,697,900	522,671	19,220,571	19,082,090	586,365	19,668,455
Total funds carried forward at 31 December 2019		20,618,161	626,030	21,244,191	18,697,900	522,671	19,220,571

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

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	11		2,292,430		2,189,332
Investments	12		15,759,688		13,963,895
			18,052,118		16,153,227
Current assets					
Debtors					
. Amounts falling due after one year	13	253,145		285,712	
. Amounts falling due within one year	13	156,095		163,256	
Cash at bank and in hand		2,901,429		2,720,064	
		3,310,669		3,169,032	
Creditors: amounts falling due within one year	14	(118,596)		(101,688)	
Net current assets			3,192,073		3,067,344
Total net assets			21,244,191		19,220,571
The funds of the charity					
Restricted funds	15		626,030		522,671
Unrestricted funds					
. Designated funds	16	11,500,000		11,500,000	
. Tangible fixed assets fund	17	2,292,430		2,189,332	
. General fund		6,825,731		5,008,568	
			21,244,191		19,220,571

Approved by and signed
on behalf of the trustees by:

Michael Copps
Trustee

Approved by the trustees on: 8 December 2020

Statement of cash flows Year to 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(256,791)	513,828
Cash flows from investing activities:			
Investment income and bank interest received		562,785	508,044
Proceeds from the disposal of tangible fixed assets		—	1,133,249
Purchase of tangible fixed assets		(189,309)	(18,498)
Proceeds from the disposal of investments		1,859,805	1,734,753
Purchase of investments		(1,772,166)	(3,994,060)
Net cash provided by (used in) investing activities		461,115	(636,512)
Change in cash and cash equivalents in the year		204,324	(122,684)
Cash and cash equivalents at 1 January 2019		2,775,407	2,898,091
Cash and cash equivalents at 31 December 2019	B	2,979,731	2,775,407

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

A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	2,023,620	(447,884)
Adjustments for:		
Depreciation charge	86,211	73,498
Surplus on disposal of tangible fixed assets	—	(717,273)
(Gains) losses on investments	(1,860,474)	1,054,382
Investment income and bank interest receivable	(564,457)	(509,831)
Decrease in debtors	41,402	1,111,593
Increase (decrease) in creditors	16,907	(50,657)
Net cash (used in) provided by operating activities	(256,791)	513,828

B Analysis of changes in net debt

	2018 £	Cash flows £	2019 £
Cash at bank and in hand	2,720,064	181,365	2,901,429
Cash held by investment managers	55,343	22,959	78,302
Total cash and cash equivalents	2,775,407	204,324	2,979,731

Principal accounting policies 31 December 2019

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

Basis of accounting

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

The accounts have been prepared under the historical cost convention with items initially 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 the principles set out 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 UK and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, 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:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ determining the discount rate to be applied when calculating the present value of amounts receivable after one year;
- ◆ estimating the amounts to be set aside as designated reserves; and
- ◆ estimating 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 accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

Since the end of the financial year, the Covid-19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

Assessment of going concern (continued)

Due to the age profile of the Friars, many are currently practising self-isolation. This means there have been some adaptations on how ministry is being exercised during this period. The charity's income will no doubt be affected because of the impact of the pandemic on the economy and on the commercial sector in particular. In addition, voluntary income in the form of Mass, Clergy and Stole Offerings will be reduced as all churches were required to close their doors. Expenditure may be reduced as a result of the lockdown as travel was curtailed and other costs were affected also.

Since the end of the financial year, there has been some volatility on world stock markets in response to the Covid-19 pandemic. The trustees, along with their investment managers, will continue to monitor the impact of the pandemic and other factors on stock markets but the charity is a long term investor and the trustees take a long term view.

The trustees have reviewed the income and expenditure of the charity and considered the impact of the pandemic during the months following the financial year end. Whilst there will be challenges ahead, the trustees are of the view that there will be no significant impact on the overall finances of the charity.

Therefore, the trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above.

With regard to the next accounting period, the year ending 31 December 2020, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets – both of which will be impacted by Covid-19.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income, interest receivable, church repository sales, the surplus on disposal of assets and other income.

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.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Income recognition (continued)

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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. Income from repository sales is recognised when the risks and rewards of ownership have transferred to the buyer.

All other income is measured at fair value and accounted for on an accruals basis.

Expenditure recognition and the basis of allocating costs

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. Expenditure comprises direct costs and governance support costs.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice. These costs are allocated directly to support of members of the Order and their ministry. All other costs are directly allocated to the headings in the statement of financial activities and there is no apportionment. The classifications in the statement of financial activities are as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the charity's investment portfolio.

Expenditure recognition and the basis of allocating costs (continued)

- b. The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report and include:
- ◆ A grant to the Order of the Friars Minor Conventual as further explained in note 1 to these accounts.
 - ◆ Grants and donations in support of the work of the Order and other charities
This is made up entirely of grants, including grants to support the Order's generalate and grants in support of the Order's work both in the UK and overseas. Charitable grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants approved but unpaid at the period end.
 - ◆ Support of members of the Order and their ministry
This enables the members to carry out the charitable work of the Order in the areas of the advancement of the Roman Catholic religion and the relief of poverty.
 - ◆ Supplies for church repositories
This is expenditure on repository items, such as books, which are purchased for resale.

All expenditure is stated inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,500 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land and buildings
 - ◇ Parishes
The trustees are the legal owners of churches and other parish land and buildings. In the event of the Order ceasing its ministry in a parish, the trustees would consider themselves obliged to allow such assets to continue to be used indefinitely and rent free to meet the needs of the parish for a church and related accommodation. As such assets are not therefore susceptible to a meaningful valuation and there is no reliable information as to their cost, they are not valued for the purposes of these accounts.

The buildings consist of churches, presbyteries and parish halls and were constructed up to 100 years ago, with additions and improvements since. They are situated in Clevedon (Somerset), Yatton (Somerset), Stratford (London) and Woodford Green (London).

Tangible fixed assets (continued)

- ◇ School occupied land and buildings
The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the Trustees of Nottingham Academy are valued at £nil. The trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.
- ◇ Other land and buildings
Where these have been owned at least from 1983, they are stated at a trustees' valuation made in 1993 based on replacement cost for existing use. Under the transitional rules of FRS 102 this valuation is now regarded as deemed cost. Additions to other land and buildings since 1983 are stated at cost. Depreciation is provided at 2% per annum on a straight-line basis to write the buildings off over their estimated useful economic life to the Order.
- ◆ Freehold improvements
Depreciation is provided at the rate of 5% per annum on cost in order to write each asset off over its expected useful life.
- ◆ Motor vehicles
Depreciation is provided at the rate of 20% per annum on cost in order to write each asset off over its expected useful life.
- ◆ Furniture and equipment
Expenditure on the purchase and replacement of furniture and equipment is capitalised and depreciated over a five year period, based on the estimated useful life of the asset, on a straight line basis.

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at the 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.

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.

Funds structure

The funds of the charity are in the main unrestricted and available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds of the charity are funds representing non-liquid assets and funds which the trustees have designated for specific purposes. Details of these are provided in notes 16 and 17.

Details of funds raised for a specific purpose or subject to donor-imposed conditions, and therefore restricted, are given in note 15.

Services provided by members of the Order

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

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 to the statement of financial activities on a straight-line basis over the term of the lease.

Notes to the accounts 31 December 2019

1 Income from: Donations and legacies

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Donations						
. Pastoral offerings	146,556	—	146,556	173,054	—	173,054
. General donations	14,471	147,431	161,902	10,105	251,029	261,134
	161,027	147,431	308,458	183,159	251,029	434,188
Legacies	15,793	173,813	189,606	37,629	—	37,629
Salaries and pensions of individual religious received under deed of covenant and Gift Aid	83,490	—	83,490	97,809	—	97,809
	260,310	321,244	581,554	318,597	251,029	569,626

2 Income from: Investments and bank interest

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Income from listed investments	561,146	—	561,146	496,878	—	496,878
Other interest receivable	10,499	2,525	13,024	7,685	1,500	9,185
Unwinding of debtor held at present value (note 13)	(9,713)	—	(9,713)	3,768	—	3,768
	561,932	2,525	564,457	508,331	1,500	509,831

3 Income from: Other sources

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Rent and accommodation	—	—	—	4,664	—	4,664
Sale of books and artefacts	—	—	—	4,528	—	4,528
Sundry income	4,554	12,670	17,224	1,759	11,678	13,437
	4,554	12,670	17,224	10,951	11,678	22,629

4 Expenditure on: Grants and donations in support of the work of the Order and other charities

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
<i>Grants to institutions</i>						
Support of the Order's Generalate	14,353	—	14,353	59,364	—	59,364
For the relief of poverty and advancement of education and religion generally						
. Foreign Missions of the Order of Friars Minor	63,729	197,990	261,719	—	273,841	273,841
. Miscellaneous grants to institutions	37,000	—	37,000	75,000	—	75,000
For the advancement of education						
. OFM Generalate Economo (Poor Students' Fund)	—	—	—	117,177	—	117,177
For the advancement of religion						
.Support of Franciscan parishes in the UK - mainly church refurbishment	437	—	437	—	—	—
Other donations	71,868	12,910	84,778	28,083	17,906	45,989
	187,387	210,900	398,287	279,624	291,747	571,371

5 Expenditure on: Support of members of the Order and their ministry

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Living and personal expenses of friars	161,609	7,063	168,672	200,354	5,244	205,598
Premises	62,475	—	62,475	73,635	2,412	76,047
Depreciation of freehold property	80,996	—	80,996	72,152	—	72,152
Grants to former members	50,398	—	50,398	48,819	—	48,819
Friars' formation	12,560	7,058	19,618	29,654	10,757	40,411
Governance costs (note 6)	91,094	—	91,094	63,119	—	63,119
Other costs	50,653	8,059	58,712	59,292	17,741	77,033
	509,785	22,180	531,965	547,025	36,154	583,179

6 Governance costs

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Legal and professional	87,733	—	87,733	41,472	—	41,472
Meeting costs	3,361	—	3,361	21,647	—	21,647
	91,094	—	91,094	63,119	—	63,119

7 Net income (expenditure) before gains (losses) on investments

This is stated after charging:

	Unrestricted funds	
	2019 Total funds £	2018 Total funds £
Auditor's remuneration (including VAT)		
. Statutory audit services	24,000	23,220
. Other services	3,000	3,000
Depreciation	86,211	73,498
Operating lease rentals	1,346	1,346

8 Staff costs and remuneration of key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Guardians at each friary. They received no remuneration in the year (2018 - none).

There are no staff costs as the charity does not employ staff (2018 - none).

9 Trustees expenses and transactions with trustees

As members of the Order, the trustees' living expenses during the year were borne by the charity.

As members of the Order, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under gift aid. During the year the amount donated by the trustees to the charity was £10,570 (2018 - £6,016).

The trustees have purchased insurance to protect the charity from any loss arising from negligent acts, errors or omissions on the part of the trustees and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £488 (2018 - £494) and provides cover of up to a maximum of £1,000,000 (2018 - £1,000,000).

10 Taxation

The Order of Friars Minor Charitable Trust is a registered charity and, therefore, is not liable to taxation on income and gains derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 Tangible fixed assets

	Freehold land and buildings £	Improvements to freehold buildings £	Motor vehicles £	Furniture and equipment £	2019 Total £
Cost or valuation					
At 1 January 2019	3,287,052	128,217	70,550	7,907	3,493,726
Additions	—	176,874	12,435	—	189,309
At 31 December 2019	<u>3,287,052</u>	<u>305,091</u>	<u>82,985</u>	<u>7,907</u>	3,683,035
At cost	286,745	305,091	82,985	7,907	682,728
At deemed cost (1983 valuation)	<u>3,000,307</u>	<u>—</u>	<u>—</u>	<u>—</u>	3,000,307
	<u>3,287,052</u>	<u>305,091</u>	<u>82,985</u>	<u>7,907</u>	3,683,035
Depreciation					
At 1 January 2019	1,235,073	8,975	58,426	1,920	1,304,394
Charge for the year	<u>65,741</u>	<u>15,255</u>	<u>3,634</u>	<u>1,581</u>	86,211
At 31 December 2019	<u>1,300,814</u>	<u>24,230</u>	<u>62,060</u>	<u>3,501</u>	1,390,605
Net book values					
At 31 December 2019	<u>1,986,238</u>	<u>280,861</u>	<u>20,925</u>	<u>4,406</u>	2,292,430
At 31 December 2018	<u>2,051,979</u>	<u>119,242</u>	<u>12,124</u>	<u>5,987</u>	2,189,332

As permitted under Financial Reporting Standard 102 (FRS 102), the charity has continued to adopt a policy of not revaluing its tangible fixed assets.

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 some properties, i.e. the churches and other parish buildings, and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of trustees, is not justified in terms of the benefit to the users of the accounts.

The historical cost of the freehold land and buildings included above at a 1983 valuation cannot be ascertained with accuracy. Under the transitional rules of FRS 102 this valuation is now regarded as deemed cost.

Notes to the accounts 31 December 2019

12 Investments

	Total 2019 £	Total 2018 £
Listed investments		
Market value at 1 January 2019	13,908,552	12,703,627
Additions at cost	1,772,165	3,994,060
Disposals at opening book value (proceeds: £1,859,805; realised losses £6,076)	(1,853,729)	(1,759,798)
Unrealised gains (losses)	1,854,398	(1,029,337)
Market value at 31 December 2019	15,681,386	13,908,552
Cash held by investment managers for reinvestment	78,302	55,343
	15,759,688	13,963,895
 Cost of listed investments at 31 December 2019	 12,072,571	 12,073,410

Listed investments held at 31 December 2019 comprised the following:

	Total 2019 £	Total 2018 £
UK government securities	1,582,975	1,955,139
International fixed interest	—	37,784
Unit trusts	3,298,848	2,892,356
UK fixed interest	734,793	663,683
UK equities	10,064,770	8,359,590
	15,681,386	13,908,552

The following individual holdings were deemed material in comparison with the market value of the entire listed portfolio held at the year end.

	2019		2018	
	Market value £	Percentage of total portfolio %	Market value £	Percentage of total portfolio %
United Kingdom Treasury 1.25% Index Linked 2025	—	—	1,133,024	8.1%
United Kingdom Treasury 1.25% Index Linked 2027	952,690	6.1%	—	—

Notes to the accounts 31 December 2019

13 Debtors

	Total 2019 £	Total 2018 £
Loan to the parish of Clevedon (see below)	—	18,441
Prepayments and other sundry debtors	128,209	120,953
Proceeds from disposal of freehold properties (see below)		
. Amounts falling due within one year	27,886	23,862
	156,095	163,256
Proceeds from disposal of freehold properties (see below)		
. Amounts falling due after one year	253,145	285,712
	409,240	448,968

The loan to the parish of Clevedon in Somerset represented the balance on a loan advanced during 2017 to enable the parish to carry out refurbishment work. The loan was interest free and was repaid during 2019.

In 2012, the charity disposed of a freehold property in Dundee, Scotland for agreed proceeds of £510,000. Under the agreed payment schedule, £225,000 was received prior to 31 December 2019. The balance will be received as follows: 2020 and 2021 - £30,000 each year, 2022 and 2023 - £35,000 each year and £40,000 for each of the following four years. This sale agreement constitutes a financial arrangement as defined by FRS 102. Therefore, in order to comply with the Charities SORP FRS 102 and FRS 102 itself, the proceeds receivable from the disposal of the property have been discounted to their present value using an effective discount rate of 0.4%, the rate available to the charity on commercial bank deposits. The notional interest is credited to the statement of financial activities as the discount is “unwound”.

14 Creditors: amounts falling due within one year

	Total 2019 £	Total 2018 £
Grants payable	—	44,366
Accruals and other creditors	99,500	22,000
Deferred income	17,147	18,117
Expense and similar creditors	1,949	17,205
	118,596	101,688

Notes to the accounts 31 December 2019

15 Restricted funds

The income funds of the charity include the following restricted funds, comprising the unexpended balances of donations received for specific purposes:

	At 1 January 2019 £	Income £	Expenditure £	At 31 December 2019 £
Franciscan Missionary Union	489,551	311,837	(220,170)	581,218
Stratford Building Project	11,920	—	—	11,920
Other restricted funds	21,200	24,602	(12,910)	32,892
	522,671	336,439	(233,080)	626,030

	At 1 January 2018 £	Income £	Expenditure £	At 31 December 2018 £
Franciscan Missionary Union	554,974	244,572	(309,995)	489,551
Stratford Building Project	11,920	—	—	11,920
Other restricted funds	19,471	19,635	(17,906)	21,200
	586,365	264,207	(327,901)	522,671

The Franciscan Missionary Union represents monies received specifically for the Order's missions abroad.

The Stratford Building Project represents monies received specifically to assist with the remodification of buildings of a parish administered on behalf of the local diocese by the friars in Stratford, London. The majority of the building work was undertaken in 2010.

Other restricted funds represent a number of individually small funds made up of donations for specific purposes.

16 Designated funds

The unrestricted funds of the charity include the following funds designated for specific purposes.

	At 1 January 2019 £	Designated in year £	Utilised/ Released in year £	At 31 December 2019 £
Sick and retired reserve	8,000,000	31,905	(31,905)	8,000,000
Maintenance fund	1,500,000	—	—	1,500,000
Mission and development fund	1,000,000	—	—	1,000,000
Formation fund	1,000,000	—	—	1,000,000
	11,500,000	31,905	(31,905)	11,500,000

Notes to the accounts 31 December 2019

16 Designated funds (continued)

	At 1 January 2018 £	Designated in year £	Utilised/ Released in year £	At 31 December 2018 £
Sick and retired reserve	8,000,000	75,962	(75,962)	8,000,000
Maintenance fund	1,000,000	500,000	—	1,500,000
Mission and development fund	1,000,000	—	—	1,000,000
Formation fund	1,000,000	—	—	1,000,000
	11,000,000	575,962	(75,962)	11,500,000

♦ Sick and retired reserve

This consists of monies which the trustees have set aside in order to provide for older friars and those in ill health. The reserve has been calculated so as to provide income to communities with elderly or sick friars to care for.

♦ Maintenance fund

The maintenance fund represents monies set aside by the trustees for the upkeep and repair of the buildings of the Custody. A quinquennial review carried out towards the end of 2015 on one of the charity's major properties indicated that this fund will need to be expended over the next ten years in respect to that one property alone.

♦ Mission and development fund

The mission and development fund comprises monies set aside towards funding new initiatives in furtherance of the mission of the Order.

♦ Formation fund

The formation fund comprises monies set aside towards funding the formation and education of friars.

17 Tangible fixed assets fund

	Total 2019 £	Total 2018 £
At 1 January 2019	2,189,332	2,660,309
Net movement in year	103,098	(470,977)
At 31 December 2019	2,292,430	2,189,332

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. This fund has been established to recognise the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

18 Analysis of net assets between funds

	General funds £	Designated funds £	Tangible fixed assets fund £	Restricted funds £	Total 2019 £
Fund balances at 31 December 2019 are represented by:					
Tangible fixed assets	—	—	2,292,430	—	2,292,430
Investments	4,259,688	11,500,000	—	—	15,759,688
Net current assets	2,566,043	—	—	626,030	3,192,073
Total net assets	6,825,731	11,500,000	2,292,430	626,030	21,244,191

	General funds £	Designated funds £	Tangible fixed assets fund £	Restricted funds £	Total 2018 £
Fund balances at 31 December 2018 are represented by:					
Tangible fixed assets	—	—	2,189,332	—	2,189,332
Investments	2,463,895	11,500,000	—	—	13,963,895
Net current assets	2,544,673	—	—	522,671	3,067,344
Total net assets	5,008,568	11,500,000	2,189,332	522,671	19,220,571

The total unrealised gains at 31 December 2019 constitute movements on revaluation and are as follows:

	Total 2019 £	Total 2018 £
Unrealised gains included above:		
On investments	3,608,815	1,835,142
Total unrealised gains at 31 December 2019	3,608,815	1,835,142
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2019	1,835,142	2,857,866
In respect to disposals in the year	(80,725)	6,613
Net gains (losses) arising on revaluation in the year	1,854,398	(1,029,337)
Total unrealised gains at 31 December 2019	3,608,815	1,835,142

19 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Order of Friars Minor by virtue of the fact that the Superior of the Province has the power to appoint the trustees.

20 Connected charities

The Order of Friars Minor Charitable Trust is connected to one other charity by virtue of the fact that the trustees of the Order have the power to appoint trustees of the connected charity and the charities use the same principal address.

The connected charity is:

Name	Charity Reg No	Charitable objectives
Commissariat of the Holy Land	263616	The support of the work of the Custody of the Holy Land, the advancement of the Roman Catholic religion and the relief of poverty.

The Order of the Friars Minor Charitable Trust is connected to the following charity with which it has two trustees in common:

Name	Charity Reg No	Charitable objectives
Franciscan International Study Centre	260851	Provision of courses in Franciscan Studies, theology and religious studies.

21 Related party transactions

Other than as disclosed in note 9, there were no further related party transactions (2018 - none).

22 Operating lease commitments

At 31 December 2019, the charity had the following future minimum commitments in respect of non-cancellable operating leases:

	Motor Vehicles	
	2019	2018
	£	£
Payments due in less than one year	348	348

23 Contingent liability

The trustees have been notified of potential claims in respect to the care and welfare of children in the care of the charity during and after the 1960's. The amounts involved, if any, cannot be quantified at the current time.